

XIII. Statement of Santander Bank Polska S.A. on Corporate Governance in 2022

1. Corporate Governance at Santander Bank Polska S.A.

Corporate governance sets out the rules for operation of the governing bodies, systems and processes at Santander Bank Polska S.A. Its objective is to build good relationships with shareholders, customers and other stakeholders, and to increase effectiveness of internal oversight, key internal systems and functions as well as statutory bodies. The corporate governance principles adopted by the Bank focus on professionalism and integrity of members of the management and supervisory bodies, transparency and due care, which helps build trust in Santander Bank Polska Group, supports sustainable development and increases credibility of the capital market in Poland.

The Bank's corporate governance framework is based on applicable laws (in particular the Commercial Companies Code, the Banking Law and capital market regulations) as well as the rules set out in Best Practice for GPW Listed Companies 2021, Principles of Corporate Governance for Supervised Institutions issued by the Polish Financial Supervision Authority (KNF) and the Code of Banking Ethics. Since 1 January 2022, the Bank has complied with Recommendation Z on internal governance in banks issued by the Polish Financial Supervision Authority (KNF).

In 2022, Santander Bank Polska S.A. adhered to all the rules set out in the amended Best Practice for GPW Listed Companies 2021 adopted by virtue of Resolution no. 13/1834/2021 of the Supervisory Board of the Warsaw Stock Exchange dated 29 March 2021 and effective as of 1 July 2021.

Furthermore, the Bank applied all Principles of Corporate Governance for Supervised Institutions issued by the KNF on 22 July 2014.

In the reporting period, no departures from the above-mentioned regulations were reported.

The Bank has complied with the official corporate governance principles since 2002 when the first issue of best practice was published by the Warsaw Stock Exchange (Best Practice for Public Companies 2002). It also follows best sector practice contained in the Banking Ethics Code developed by the Polish Bank Association (ZBP).

The Bank has adopted the following internal regulations which specify corporate governance rules in more detail: the Group-Subsidiary Governance Model, the General Code of Conduct, Guidelines for Subsidiaries, Specific Corporate Frameworks, Internal Governance Rules of Santander Bank Polska S.A., Corporate Governance Rules of Santander Bank Polska Group, the General Code of Conduct and specific bylaws and policies e.g. the Disclosure Policy, the Conflict of Interest Prevention Policy, the Code of Conduct in the Securities Markets, the Anti-Money Laundering Policy, the Anti-Corruption Programme and the Sustainability Policy.

This Statement on Corporate Governance in 2022 has been prepared in accordance with § 70(6)(5) of the Finance Minister's Regulation of 29 March 2018 on current and financial reports published by the issuers of securities and the rules of equal treatment of the information required by the laws of a non-member state.

In accordance with Commission Recommendation of 9 April 2014 on the quality of corporate governance reporting (2014/208/EU), the section below presents details on application of corporate governance rules regarding the topics of most importance for shareholders.

Best Practice for GPW Listed Companies 2021

The Best Practice for GPW Listed Companies 2021 effective as of 1 July 2021 was adopted by virtue of Resolution no. 13/1834/2021 of the Supervisory Board of the Warsaw Stock Exchange dated 29 March 2021.

The full text is available on the website of the Warsaw Stock Exchange
at: https://www.gpw.pl/pub/GPW/files/PDF/dobre_praktyki/DPSN21_BROSZURA.pdf

The above version of best practice was adopted by the Bank by way of Management Board Resolution no. 160/2021 of 21 July 2021, Supervisory Board Resolution no. 108/2021 of 27 July 2021 and Annual General Meeting Resolution no. 33 of 27 April 2022.

On 29 July 2021, the Bank published a report on application of the rules set out in Best Practice for GPW Listed Companies 2021 (it is available on the Bank's website at: https://www.santander.pl/regulation_file_server/time20210729112136/download?id=163350&lang=pl_PL).

Chapter	Application of Best Practice for GPW Listed Companies 2021
Disclosure policy, investor communications (Chapter 1)	<ul style="list-style-type: none"> ▶ The Bank has an effective and transparent disclosure policy in place in relation to shareholders, investors and analysts, which is supported by modern communication tools. Pursuant to the Disclosure Policy of Santander Bank Polska S.A. (available on the Bank's website: https://www.santander.pl/relacje-inwestorskie/dokumenty-korporacyjne#dokument=4), the Bank actively communicates with its stakeholders in order to meet their information needs, with particular activities adjusted to their profile. ▶ The communication with capital market participants is based on the following rules: ▶ Periodic reports (including information about the Bank's sponsorship and corporate giving activities) are published at the earliest possible date following the end of the reporting period. The market is informed in advance, via current reports, about the planned dates of publishing reports. ▶ Current reports providing information required by applicable laws are published at the dates specified therein. ▶ Each year, the Bank organises four conferences to present analysts, investors and all the interested parties with quarterly figures. They are broadcast online in Polish and English. To the extent permitted by law, the Bank answers questions asked during the conferences and sent by email to the email address of the Investor Relations Director (available on the Bank's Investor Relations website). ▶ The corporate website is available in Polish and English at: www.santander.pl and includes the Investor Relations tab with all the information required to be published in accordance with law and Best Practice for GPW Listed Companies 2021. ▶ The Bank also has a website dedicated to general meetings, which is available at www.santander.pl/wza. ▶ As part of open communication with the shareholders, the Bank (acting through the representatives of its governing bodies) provides them with all answers and explanations, ensures the possibility to participate in the general meetings by means of electronic communication and enables media representatives to join such meetings. ▶ The Bank promptly replies to any questions about the published information, and in the case of questions from investors concerning unpublished data, the Bank takes efforts to reply as soon as possible and no later than within 14 days (in accordance with laws and market standards). ▶ The Bank participates in investor conferences organised by Polish and foreign brokerage companies. ▶ The Bank publishes its financial results achieved in a given reporting period before the deadlines prescribed by law, being one of the leaders in this respect among the companies listed on the Warsaw Stock Exchange. ▶ The Bank's Investor Relations service at www.santander.pl includes a section dedicated to Best Practice for GPW Listed Companies, which contains all the required information such as: report on application of Best Practice for GPW Listed Companies 2021, information about the Supervisory Board committees and their composition, information about changes in the share capital and transactions in shares, information about incentive plans, dividend policy, questions asked by investors (along with answers), information about pay equality between men and women (including measures taken to eliminate any gaps), the Group's structure, schedule of corporate events, information about shareholders, the Statement on Non-Financial Information for 2021, information about the Diversity Policy, information about members of the Bank's governing bodies and the General Meeting, basic corporate documents, financial statements (including presentations), development strategy, recommendations and analyses of rating agencies, current reports, records of meetings with investors, channels of communication between investors and the Bank, and information about mergers and acquisitions. ▶ The Bank's strategy addresses ESG aspects, both environmental protection and social and employee matters, defining precise metrics and taking into account sustainable development. ▶ Environmental protection and climate factors are one of the pillars of the Responsible Banking agenda, which is part of the Bank's Safety & Trust strategic direction under the business strategy of the Bank for 2021–2023. ▶ The metrics include, among other things, the share of energy bought from renewable sources (100%), the share of used single-use plastics (0% since 2020) or the share of green financing in line with the Sustainable Finance Classification System. This regulation was implemented at the Bank in order to set up the criteria for identification and classification of transactions as sustainable (it is available at https://www.santander.pl/aktualnosci/aktualnosci-lista/eko-rozwiazania). It is based on globally-recognised industry guidelines and principles (e.g. ICMA Social and Green Bond Principles, Climate Bond Standards) and EU Taxonomy. It allows the Bank to develop sustainable finance solutions to better support customers in their green transition. Green finance contributes to climate change mitigation.

Chapter (cont.)

Application of Best Practice for GPW Listed Companies 2021 (cont.)

**Disclosure policy,
investor
communications
(Chapter 1)**

- ▶ As part of measures taken to ensure gender equality, the Bank strives to increase the share of women in senior executive positions and ensure gender balance in recruitment and development processes. It also offers development programmes dedicated to women, ensures a relevant female representation in succession planning and promotes equal treatment and inclusion among employees. One of the key metrics in this regard is the female representation on the Management Board (30% by 2025), on the Supervisory Board (between 40% and 60% by 2025) and in executive positions (40% by 2025), as well as the Equal Pay Gap (EPG); in 2022, the Bank received the Equal Pay Certificate from Business Centre Club. The Bank also undertakes initiatives to support diversity and inclusion: there are Diversity Ambassadors (a role performed by senior executives), employee networks (bottom-up initiatives focused on the promotion of diversity), educational campaigns, training, webinars (e.g. as part of the Diversity Month), and Santander Women podcast hosted by Dorota Strojewska, Management Board member in charge of the Business Partnership Division. The foregoing activities are supported by strategic partnerships with expert organisations: Share the Care, UN Global Compact, Vital Voices, Responsible Business Forum.
- ▶ Employee focus is one of the Bank's strategic directions and its delivery is monitored on an ongoing basis, including as part of quarterly eNPS surveys. Another measure is the title of the employer of choice in the banking sector (Top Employer Poland certificate). The Bank implemented a hybrid work model, promotes diversity, equal treatment and inclusion, supports talent development, and promotes a healthy and eco-friendly lifestyle as part of wellbeing programmes for employees.
- ▶ Customer obsession is also one of the pillars of the Bank's strategy. The Bank takes constant efforts to improve customer satisfaction and all products and services are designed and implemented with a customer focus. These aspects are measured using NPS (Net Promoter Score) – a customer loyalty metric. As part of the customer-centric strategy, the Bank accelerated digitalisation and optimisation of processes, simplifies language in communication with customers and ensures that products and distribution channels are tailored to the needs of specific customer groups (including support for refugees from Ukraine – products and services for retail and business customers).
- ▶ Since 2014, the Bank has organised 14 dialogue sessions with representatives of social and business partners in accordance with the AA1000SES standard. Their purpose is to gather feedback and expectations regarding the Bank's activities in the area of responsible banking. Suggestions made by stakeholders are analysed and taken into account in delivery of the strategy, in planning processes and in non-financial reporting. The last dialogue sessions were held in 2022 as part of the update of the ESG relevance matrix. Four groups of stakeholders were invited to take part in the analysis of the ESG impact on the Bank and the Bank's impact on the environment: external experts (interviews) and customers, employees and representatives of the third sector (NGO) (online survey).
- ▶ On its website, the Bank publishes information about its strategy, including strategic directions and objectives, results of actions taken to implement the strategy as well as financial and non-financial metrics.
- ▶ The information about the ESG strategy indicates how the decision-making processes at the Bank and the Group take into account matters related to climate change, including associated risks (details are presented in Chapter XII "Risk and Capital Management" and Chapter XIV "Statement of Non-Financial Information for 2022"). The Bank prepares annually a report on ESG issues at the corporate website.
- ▶ The Bank's equal pay index is published on the site dedicated to the Best Practice: <https://www.santander.pl/relacje-inwestorskie/dobre-praktyki>. In 2022, the index was 94.67%.
- ▶ The list of expenses incurred by the Group to support culture, sports, charity organisations, media and civil society organisations is included in Chapter VIII, Part 2 "Communication with Stakeholders".
- ▶ The Bank's disclosure policy concerning investor relations is described in more detail in Chapter VII "Investor Relations". For more information about the arrangements facilitating communication with shareholders, see "General Meeting" below (Part 4 "Governing Bodies").

Chapter (cont.)	Application of Best Practice for GPW Listed Companies 2021 (cont.)
Management Board, Supervisory Board (Chapter 2)	<ul style="list-style-type: none"> ▶ All members of the Bank's Management Board and the Supervisory Board have appropriate knowledge, experience and skills to duly perform their duties. Detailed information about their qualifications is presented in the later part of this statement (Part 5 "Governing Bodies", Sections: "Management Board" and "Supervisory Board"). ▶ The Bank has a diversity policy in place which promotes diversity among members of the Management Board and the Supervisory Board in terms of their qualities and skills, gender, educational background, expertise, age, professional experience and geographical provenance. It also requires the Supervisory Board to ensure at least 30% representation of women in the Management Board by 2025. ▶ When appointing the Supervisory Board members, the Bank is to ensure 40%–60% representation of women by 2025 (women already account for 40% of the Supervisory Board membership). ▶ The independence criteria (specified in the Act on statutory auditors, audit firms and public oversight, Commission Recommendation 2005/162/EC of 15 February 2005, and additional criteria stipulated in the Bank's Statutes as agreed with the KNF) are met by five of ten members of the Supervisory Board, who do not have actual and material connections with a shareholder holding at least 5% of total voting power at the Bank's General Meeting. These criteria are met by the Chairman and all members of the Audit and Compliance Committee. ▶ Members of the Management Board and the Supervisory Board commit sufficient time to perform their duties. The functions performed on the Bank's Management Board are the main area of the professional activity of its members, some of whom also sit on the supervisory boards of the Bank's subsidiaries, which facilitates oversight and operation of the Group as a whole. Management Board members may perform roles on the boards of entities outside Santander Bank Polska Group exclusively with the consent of the Supervisory Board. ▶ The Supervisory Board exercises an effective oversight of the Bank's operations, verifies the activities of the Management Board in terms of delivery of the strategic objectives and monitors the Bank's performance. The Management Board provides the Supervisory Board with access to information about matters related to the Bank as well as relevant resources and opportunity to use independent, professional advisory services if need be. The Supervisory Board provides the General Meeting with the Report on the Supervisory Board's activity, which includes detailed information about supervisory activities as well as the assessment of the Bank's position, internal control system, remuneration policy, performance of information obligations, the sponsorship and corporate giving policy.
Internal systems and functions (Chapter 3)	<ul style="list-style-type: none"> ▶ The Bank has an effective internal control, risk management and compliance system in place, as well as an effective internal audit function adequate to the size of the Bank and the type and scale of its operations. Their effectiveness is monitored and assessed by the Supervisory Board in coordination with the Audit and Compliance Committee. ▶ The Bank's organisational structure includes units responsible for the tasks of individual systems and functions. ▶ The Head of the Internal Audit Area adheres to international standards for the professional practice of internal auditing and reports directly to the President of the Management Board, with a dotted reporting line to the Chairman of the Audit and Compliance Committee. ▶ Remuneration payable to persons responsible for risk management and compliance and the Head of the Internal Audit Area depends on the delivery of the tasks set rather than short-term results of the Bank. ▶ The head of the compliance function reports directly to the President of the Management Board. The Risk Management Division is headed by the Vice President of the Management Board. ▶ The internal audit function meets the international standards for the professional practice of internal auditing, which is verified as part of independent third-party assessment at least once every five years. The last assessment was carried out in June 2019 by the Institute of Internal Auditors. ▶ The Bank has an effective internal control, risk management and compliance system in place, as well as an effective internal audit function adequate to the size of the Bank and the type and scale of its operations. Their effectiveness is monitored and assessed by the Supervisory Board in coordination with the Audit and Compliance Committee. ▶ The Bank's organisational structure includes units responsible for the tasks of individual systems and functions. ▶ The Head of the Internal Audit Area adheres to international standards for the professional practice of internal auditing and reports directly to the President of the Management Board, with a dotted reporting line to the Chairman of the Audit and Compliance Committee. ▶ Remuneration payable to persons responsible for risk management and compliance and the Head of the Internal Audit Area depends on the delivery of the tasks set rather than short-term results of the Bank. ▶ The head of the compliance function reports directly to the President of the Management Board. The Risk Management Division is headed by the Vice President of the Management Board. ▶ The internal audit function meets the international standards for the professional practice of internal auditing, which is verified as part of independent third-party assessment at least once every five years. The last assessment was carried out in June 2019 by the Institute of Internal Auditors.
General Meeting, shareholder relations (Chapter 4)	<ul style="list-style-type: none"> ▶ Annual General Meetings are convened as soon as possible after the publication of an annual report at the date set in keeping with the applicable legislation. In 2022, the Annual General Meeting was held on 27 April, nine weeks after the release of the annual report for 2021. ▶ When selecting the venue for the General Meeting, the Bank enables the participation of the highest possible number of shareholders (the General Meetings of the Bank are held in Warsaw). ▶ Since 2011, the Bank's shareholders can participate in the General Meetings by means of electronic communication channels (e-meetings) and exercise their rights from anywhere in the world. General Meetings are broadcast live on the Bank's website. The representatives of media can participate in General Meetings.

Chapter (cont.)	Application of Best Practice for GPW Listed Companies 2021 (cont.)
General Meeting, shareholder relations (Chapter 4)	<ul style="list-style-type: none"> ▶ To help shareholders make informed voting decisions, on the date of the notice of the General Meeting the Bank publishes justifications of all resolutions (except for points of order and where justification follows from the materials submitted to the General Meeting) together with their drafts on a dedicated website (www.santander.pl/wza). The materials to be considered by the General Meeting are presented in a manner convenient to the shareholders. ▶ In the case of resolutions requested by a shareholder to be included on the agenda, justifications are published immediately after receiving the shareholder's request (in the case of requests made in the course of the General Meeting, the justification is presented to shareholders prior to adopting a resolution). Additionally, members of the Bank's governing bodies provide verbal information prior to the vote on the matter if it is required so to consider the matter properly. The Bank takes efforts to ensure that draft resolutions are submitted no later than three days before the General Meeting. In 2022, all draft resolutions were published 26 days before the General Meeting (the shareholders did not make any subsequent requests). ▶ The General Meeting should be attended by members of the Management Board and the Supervisory Board who will be able to give substantive answers to questions asked during the meeting. ▶ Answers to shareholders' questions are provided in line with the applicable legislation within the set time limits. ▶ The Bank strives to distribute profit to the shareholders in accordance with the dividend policy and the KNF recommendations. ▶ In 2022, the Annual General Meeting adopted a resolution to pay a dividend in the maximum amount arising from the individual recommendation of the KNF (i.e. 30% of the profit for 2021). The period between the dividend payment date and the record date was seven days.
Conflict of interest, related party transactions (Chapter 5)	<ul style="list-style-type: none"> ▶ The Bank and its subsidiaries have transparent procedures in place for managing conflicts of interest. They are described in the General Code of Conduct and the Conflict of Interest Prevention Policy as well as policies applicable in individual companies. They specify the criteria and circumstances in which a potential conflict of interest may arise and procedures to be followed in such cases. They also define ways to prevent, identify and resolve conflicts of interest. ▶ Members of the Management Board and the Supervisory Board refrain from professional activities which might cause a conflict of interest. They must not participate in decision-making if there is an actual or potential conflict of interest. They must also inform the Bank about such situations. Potential conflicts of interest involving members of the Management Board and the Supervisory Board are also considered when assessing the suitability of candidates for these bodies and as part of ongoing suitability assessments. ▶ The Bank ensures equal treatment of customers and suppliers. No shareholder has preference over other shareholders in related party transactions. ▶ Transactions with related parties are made in accordance with the Bank's internal regulations and market standards. If the transaction with related parties exceeds 5% of the Bank's total assets, it must be approved by the Supervisory Board. ▶ The Supervisory Board may seek external expert advice when making a valuation and analysing economic effects of related party transactions. If the transaction requires the approval of the General Meeting, the Supervisory Board assesses the need for seeking such advice.
Remuneration (Chapter 6)	<ul style="list-style-type: none"> ▶ The Bank's Remuneration Policy meets all the requirements prescribed by law and supports the Group's growth and security. It complies with the principles of sound and effective risk management, prudent capital management, and it is consistent with the Bank's business strategy, objectives, values and long-term interests. ▶ The Bank ensures the stability of its management team through, among other things, transparent, fair, consistent and non-discriminatory terms of remuneration. ▶ The remuneration of members of the Management Board and the Supervisory Board and key managers is sufficient to attract, retain and motivate persons with skills necessary for proper management and supervision of the Bank. The remuneration structure fully reflects market practices while the remuneration levels match the ones offered in the banking sector, taking into account the size of business. Remuneration is adequate to the scope of tasks performed. ▶ In 2022, the Bank did not have an active stock option programme for managers. In the case of the incentive plan established under the resolution of the Annual General Meeting of 27 April 2022, the level of remuneration depends on financial and non-financial performance in the long term (PAT, ROTE, NPS), including sustainability factors (delivery of ESG objectives). ▶ The remuneration of Supervisory Board members does not depend on the Bank's results. The Supervisory Board members receive fixed monthly remuneration irrespective of the number of Supervisory Board meetings held. Supervisory Board members receive additional remuneration for work on the Supervisory Board committees.

Principles of Corporate Governance for Supervised Institutions

Santander Bank Polska S.A. is required to apply the Principles of Corporate Governance for Supervised Institutions issued by the KNF on 22 July 2014.

The document describes internal and external relations of supervised institutions, including relations with shareholders and customers, their organisation, internal oversight framework and key internal systems and functions, as well as statutory bodies and the rules of their cooperation.

The document is available on the KNF website at:

https://www.knf.gov.pl/knf/pl/komponenty/img/knf_140904_Zasady_ladu_korporacyjnego_22072014_38575.pdf

and on the Bank's website at:

https://static3.santander.pl/asset/z/a/l/zal.-do-uchwaly-objetej-pkt-13-porzadku-obrad_pl_55449.pdf.

The Principles of Corporate Governance for Supervised Institutions were adopted by Santander Bank Polska S.A. as of 1 January 2015 by virtue of Management Board Resolution no. 116/2014 of 9 October 2014 and Supervisory Board Resolution no. 58/2014 of 17 December 2014. They were approved by the General Meeting of Santander Bank Polska S.A. on 23 April 2015.

Chapter	Important aspects of application of the Principles of Corporate Governance for Supervised Institutions by Santander Bank Polska S.A.
Organisation and organisational structure (Chapter 1)	<ul style="list-style-type: none"> ▶ The organisation of the Bank facilitates the delivery of long-term objectives, among other things by combining strategic planning with analysis of the required resources. The Bank sets its strategic objectives taking into account the character and scale of business activity in its strategy approved by the Management Board and the Supervisory Board. ▶ The Bank has a transparent and appropriate organisational structure with functions assigned to organisational and tasks clearly allocated to Management Board members, head office units, branches and specific groups of positions. The effectiveness of the Bank's structure is analysed on an ongoing basis, taking into account market trends and benchmark data. The Bank's structure is available at: https://www.santander.pl/relacje-inwestorskie/informacje-o-spolce/wladze-banku. ▶ The organisation of the Bank makes it possible to change priorities as part of quarterly planning and business review, taking into account the analysis of risks to which it is exposed. Furthermore, the Bank has clear procedures to be followed in a special situation, i.e. in case of significant deterioration of its financial position or occurrence of operational events that disrupt or prevent the Bank from conducting its business activity. The Bank also has business continuity plans to minimise losses and ensure continuity of operations if special situations materialise. ▶ The Bank complies with law and supervisory and regulatory recommendations and has specialised units (Legal Area, Compliance Area) which support the Bank in adhering to regulations and monitor the performance of the Bank's obligations in this respect. The Bank's internal control system is effective. Its objective is to ensure the Bank's compliance with law and risk management rules, reliability of financial reporting and effectiveness of the Bank's operations. The Bank's employees may anonymously report breaches using the whistleblowing channels available at the Bank without fear of retaliation from managers or colleagues. The effectiveness of the procedure for anonymous reporting of breaches is assessed at least once a year by the Supervisory Board.
Relations with supervised institution's shareholders (Chapter 2)	<ul style="list-style-type: none"> ▶ The Bank conducts its activity taking into account the interests of all stakeholders as long as they are not contrary to the interests of the Bank. To that end, the Bank has adopted detailed guidelines setting out rules of conduct and principles for preventing conflicts of interest. ▶ The Bank provides its shareholders with appropriate access to information and facilitates their participation in General Meetings, as described in detail in the section on Best Practice for GPW Listed Companies 2021. ▶ By exercising oversight, the shareholders contribute to effective and proper functioning of the Management Board and Supervisory Board. Members of the Management Board do not exercise their voting rights attached to the shares they hold. 50% of the Supervisory Board members meet the independence criterion, which prevents worsening of the effectiveness of the shareholder oversight. ▶ The Bank's shareholders do not hold any individual or other specific rights. Each share of the Bank gives one vote at the General Meeting. ▶ Transactions with related parties are made in line with legal and tax requirements. The Bank has relevant internal policies in place, ensuring that such transactions are made in the interest of the Bank, are transparent and comply with market standards. ▶ The purpose of the Bank's dividend policy is to ensure stable profit distribution in the long term and optimal capital structure of the Bank and Santander Bank Polska Group. The Bank's Management Board recommends payment of dividend by way of a resolution, taking into account prudent management and capital surplus over the acceptable capital ratios, as well as laws and recommendations and individual guidance issued by the supervisory authority (KNF).
Management body (Chapter 3)	<ul style="list-style-type: none"> ▶ The Bank is managed by the Management Board which is a collective body. All members of the Management Board meet the criteria arising from law, best practice, regulatory recommendations and principles of corporate governance for supervised institutions, giving assurance of proper performance of their duties. It is verified by the Nominations Committee and the Supervisory Board as part of suitability assessment conducted before the appointment of the Management Board members and periodically (at least annually). ▶ The Management Board is the only body with the authorisation and duty to manage the Bank's operations. While pursuing the adopted strategy, the Management Board is guided by safety of the Bank, applicable law, recommendations of supervisors and internal regulations of the Bank. ▶ Members of the Management Board are collectively responsible for decisions which are within its remit, irrespective of the internal of responsibility for particular areas. The internal division of powers among Management Board members is transparent and covers all operational areas of the Bank. It is based on the organisational structure and adopted in the form of the Management Board resolution approved by the Supervisory Board.

Chapter	Important aspects of application of the Principles of Corporate Governance for Supervised Institutions by Santander Bank Polska S.A.
Management body (Chapter 3)	<ul style="list-style-type: none"> ▶ None of the Management Board members conducts an activity which could lead to a conflict of interest or adversely affect his or her reputation as a member of the Management Board. Functions performed on the Management Board are their main area of professional activity, which ensures that they commit relevant time and effort to their responsibilities. ▶ There is a succession plan for Management Board members, approved by the Supervisory Board, which enables their immediate replacement.
Supervisory body (Chapter 4)	<ul style="list-style-type: none"> ▶ The Bank is supervised by the Supervisory Board. All members of the Supervisory Board meet the criteria arising from law, best practice, regulatory recommendations and principles of corporate governance for supervised institutions, giving assurance of proper performance of their duties. It is verified by the Nominations Committee as part of suitability assessment conducted before appointment of the Supervisory Board members and periodically (at least annually). The suitability assessment is submitted to the General Meeting for approval. ▶ The composition of the Supervisory Board ensures an appropriate number of persons who speak Polish (four out of ten members) and have appropriate experience and knowledge of the Polish financial market (six out of ten members). The Supervisory Board members who do not speak Polish take advantage of the assistance of interpreters and documentation translated into English. Half of the members of the Supervisory Board (including all members of the Audit and Compliance Committee and its Chairman) have independent status (the independence criteria include in particular no direct or indirect connections with the Bank, members of the governing bodies, major shareholders and their connected entities). ▶ As part of its tasks described in its Terms of Reference, the Audit and Compliance Committee monitors the performance of financial audit activities and agrees the rules of conducting these activities, including their proposed plan. The co-operation of the Audit and Compliance Committee and of the Supervisory Board with the external auditor is documented in the reports and letters addressed to these bodies and in the minutes of their meetings. ▶ Members of the Supervisory Board actively perform their functions and are sufficiently engaged in the work of the Supervisory Board, as demonstrated e.g. by high attendance at the meetings in 2022. All members of the Supervisory Board give assurance of proper performance of their duties. Specifically, all members of the Supervisory Board meet the criteria set out in Article 22aa of the Banking Law related to the maximum number of functions performed. ▶ The Supervisory Board exercises ongoing oversight of the Bank's operations and takes preventive and remedial measures. The Supervisory Board receives reports on all areas of the Bank's operations, including reports on the delivery of strategic objectives, significant changes in the level of risk or materialisation of significant risks as well as on financial reporting and the accounting policy. ▶ There is a succession plan for Supervisory Board members which enables their immediate replacement. ▶ Each year, the Supervisory Board assesses compliance with the Principles of Corporate Governance for Supervised Institutions. A relevant statement in this respect is an element of the report on the Supervisory Board's activities and is available on the website at: https://www.santander.pl/relacje-inwestorskie/dobre-praktyki.
Remuneration policy (Chapter 5)	<ul style="list-style-type: none"> ▶ The rules regarding remuneration for members of the Management Board and the Supervisory Board are set out in the Remuneration Policy for Members of the Management Board of Santander Bank Polska S.A. and in the Remuneration Policy for Members of the Supervisory Board of Santander Bank Polska Group approved by the General Meeting. ▶ The remuneration policy takes into account the Bank's financial position and payment of variable remuneration depends on the achievement of specific financial and non-financial objectives by the Bank. ▶ The Supervisory Board oversees the remuneration policy, including verification of the criteria for payment of variable components of remuneration. The Supervisory Board submits an annual report on the remuneration policy to the General Meeting, indicating whether the policy supports the Bank's growth and security. ▶ The remuneration of the Management Board members is set by the Supervisory Board and the remuneration of the Supervisory Board members is set by the General Meeting, considering the functions performed and the scale of the Bank's business. The Supervisory Board members who sit on committees are remunerated for additional tasks performed. ▶ Remuneration regulations for key function holders (other than Management Board members) are adopted and supervised by the Management Board. ▶ Variable remuneration is awarded to the Management Board members based on the evaluation of their performance. Variable remuneration for the Bank's Management Board members and key managers depends on the assessment of the company's long-term financial position, long-term growth in shareholder value, stability of the company's operations and risk appetite. ▶ Members of the Bank's Management Board do not receive remuneration for performing duties of supervisory board members in the companies to which they have been designated by the Bank.
Disclosure policy (Chapter 6)	<ul style="list-style-type: none"> ▶ The Bank has a disclosure policy in place, providing clear and reliable information to its shareholders, customers and other stakeholders. The policy provides for active measures to be taken by the Bank to satisfy information requirements of its stakeholders. The Bank communicates with capital market participants in a way that is adjusted to the needs of specific groups. ▶ The Bank's disclosure policy is available on the Bank's website: https://www.santander.pl/relacje-inwestorskie/dokumenty-korporacyjne#dokument=5. Detailed information about its assumptions is presented in the section on application of Best Practice for GPW Listed Companies 2021.

Chapter	Important aspects of application of the Principles of Corporate Governance for Supervised Institutions by Santander Bank Polska S.A.
Promotional activities and client relations (Chapter 7)	<ul style="list-style-type: none"> ▶ Customer focus is one of the Bank's strategic priorities. The Bank's Consumer Protection Policy establishes the criteria for identification, organisation and protection of consumer rights in all activities of the Bank, including as part of the use of customer-centric model of products and services, agreed rules for communication, complaints handling and application of predefined control mechanisms. ▶ When offering financial products and services, the Bank is focused on providing customers with accurate information and meaningful explanations. Before entering into an agreement, customers receive necessary information about products and services in due course. The Bank makes sure that documents provided to customers are made in plain language and are easy to understand. ▶ Customer complaints are handled by the Customer Care Office in accordance with clear and transparent rules. They are also periodically analysed to identify causes and take remedial actions. ▶ The Bank has formal rules in place with respect to marketing communication and advertising messages, ensuring that they are accurate and not misleading and that they comply with applicable laws, principles of fair trade and good conduct.
Key internal systems and functions (Chapter 8)	<ul style="list-style-type: none"> ▶ The Bank has an effective and appropriate internal control system in place that covers all levels of the Bank's organisational structure and is annually assessed by the Audit and Compliance Committee and the Supervisory Board. ▶ The Bank ensures independence of the internal audit function and the compliance function. The Head of the Internal Audit Area adheres to international standards for the professional practice of internal auditing and reports directly to the President of the Management Board, with a dotted reporting line to the Chairman of the Audit and Compliance Committee. The head of the compliance function reports directly to the President of the Management Board. The Head of the Audit Area and the head of the compliance function take part in all meetings of the Management Board, the Audit and Compliance Committee, the Risk Committee and the Supervisory Board. ▶ The Bank's risk management system is organised according to the nature, scale and complexity of the business, taking into account the strategic objectives, the risk management strategy and the risk appetite. It is assessed by the Risk Committee and the Supervisory Board on an annual basis.
Execution of rights resulting from assets acquired at customer's risk (Chapter 9)	<ul style="list-style-type: none"> ▶ When buying assets at the customer's risk, the Bank (Santander Brokerage Poland) executes the customer's orders in line with the terms and conditions and the general terms of providing services which include the principle of best execution (Best Execution Policy). The decision-making process is duly documented.

Recommendation Z of the Polish Financial Supervision Authority (KNF) on corporate governance in banks

Recommendation Z has been effective as of 1 January 2022. To ensure full compliance with the recommendation, the processes and corporate governance rules were already reviewed and refined in 2021 both at the Bank and the Group level, including as part of the review or update of several dozen internal regulations.

Recommendation Z is a set of best practice on internal governance for banks. It supplements, refines and develops existing laws in this respect as well as KNF documents, in particular the Principles of Corporate Governance for Supervised Institutions described above.

The section below presents the main aspects of application of Recommendation Z by the Bank. Recommendation Z is available on the KNF's website at:

https://www.knf.gov.pl/knf/pl/komponenty/img/Rekomendacja_Z_70998.pdf.

Chapter of Recommendation Z	Important aspects of application of Recommendation Z by Santander Bank Polska S.A.
A. General principles of internal governance in the Bank	<ul style="list-style-type: none"> ▶ The Bank has a transparent, effective and legally compliant internal governance framework, defined in the Bank's Statutes and the hierarchical system of internal regulations, i.e. internal governance rules, operational models, policies, terms of reference, procedures, guidelines and other internal regulations. The Bank also ensures appropriate internal governance across the Group and exercises effective shareholder oversight of its subsidiaries. ▶ The Bank developed the internal governance assessment methodology to support the Management Board and the Supervisory Board in making that assessment and verifying if internal governance is adjusted to the changing situation in the Bank and its external environment. The Supervisory Board assesses the Bank's internal governance and its implementation at least once a year.

Chapter of Recommendation Z	Important aspects of application of Recommendation Z by Santander Bank Polska S.A. (cont.)
B. Rules of procedure, powers, duties and responsibilities of the Supervisory Board members, the Management Board members and key function holders in the Bank, their mutual relations and suitability	<ul style="list-style-type: none"> ▶ The Bank's Management Board defines the purpose, long-term plans and strategic objectives of the Bank. ▶ The Bank provides the Supervisory Board with access to information, resources and support necessary to perform its tasks. ▶ The Bank has regulations in place governing the appointment and removal of members of the Management Board and the Supervisory Board. The composition of the governing bodies takes into account the ownership structure, business profile and business plans of the Bank. ▶ Members of the Supervisory Board and the Management Board and key function holders at the Bank meet the suitability requirements, i.e. they have the knowledge, skills and experience required to perform their functions and can commit sufficient time to the performance of their duties (they meet the minimum time commitment). At least once a year, the Bank assessed the suitability of all the persons mentioned above. ▶ The Supervisory Board and the Management Board perform their tasks based on written terms of reference. The General Meeting is informed about any amendments to the Terms of Reference of the Supervisory Board. The appropriateness of internal regulations on the Supervisory Board and the Management Board operations as well as effectiveness of these bodies are subject to regular assessment (including with the participation of independent advisors – the report on independent assessment of the Bank's Supervisory Board by KPMG Advisory spółka z ograniczoną odpowiedzialnością sp.k. was presented to the Extraordinary General Meeting on 12 January 2023) is available at website address: santander.pl.
C. Rules of conduct and conflicts of interest at the Bank	<ul style="list-style-type: none"> ▶ The Bank adheres to ethical standards set out in the General Code of Conduct. The Code regulates basic standards of behaviour and is an important element of the corporate culture. When making business decisions, the Bank is guided not only by legal or regulatory requirements but also by ethical standards adopted by the organisation. Those values are the foundation for building an effective internal governance framework in the Bank (the General Code of Conduct is available on the Bank's Internal Relations site, "Corporate documents" tab: link). At least once a year, the Management Board verifies and assesses the compliance with ethical standards and informs the Supervisory Board about the results. ▶ The Bank has effective and transparent rules for managing conflicts of interest. The internal regulations in this respect cover in particular relations, agreements and transactions with connected entities and between the Bank and: <ul style="list-style-type: none"> ▷ the Bank's customers; ▷ the Bank's shareholders; ▷ members of the Supervisory Board and the Management Board; ▷ the Bank's employees; ▷ material suppliers and business partners; ▷ other connected parties than those listed above. ▶ Prices of transactions made between the Bank and its connected entities must be made on an arm's length basis. Transactions are made upon the verification of conflicts of interest (even potential ones). If the transaction with related parties exceeds 5% of the Bank's total assets, it must be approved by the Supervisory Board.
D. Outsourcing policy, remuneration rules and dividend policy of the Bank	<ul style="list-style-type: none"> ▶ The Bank has relevant internal regulations setting out the rules for outsourcing activities to third parties and ensures strict supervision over the outsourced activities. Every six months, the Management Board reports to the Supervisory Board on the assessment of contracts in terms of their correctness and compliance with law as well as quality and timeliness of outsourced activities. ▶ The remuneration rules in the Bank support in particular: <ul style="list-style-type: none"> ▶ appropriate and effective management of risk and avoidance of excessive risk-taking beyond the maximum risk appetite approved by the Supervisory Board; ▶ implementation of the Bank management strategy and risk management strategy and prevention of conflicts of interest. ▶ The Bank's dividend policy takes into account in particular the Bank's current economic and financial standing, macroeconomic environment, assumptions arising from internal regulations on the Bank management strategy and risk management strategy, the KNF's position on the dividend policy for financial institutions, limitations arising from the Act on macroprudential supervision over the financial system and crisis management in the financial system, and the assumed dividend payout ratio. The policy is regularly updated as part of the review of the Bank's internal regulations.
E. Risk management	<ul style="list-style-type: none"> ▶ The Bank has the risk management system developed and implemented by the Management Board and covering the Bank's organisational units. It is based on three independent and complementary levels (lines of defence). The risk management system at the Bank in particular: <ul style="list-style-type: none"> ▷ takes into account the significance of the Bank's exposure to risk; ▷ covers all significant risk types (including environmental, social and management risks), including adequacy and effectiveness and interdependencies between particular risk types; ▷ enables effective decision making with regard to the execution of the Bank's management strategy. ▶ The risk culture principles applicable at the Bank cover the entire organisation and are aimed to raise the awareness of risk management obligations of all employees. The risk culture is promoted through numerous training sessions and initiatives. ▶ The Bank's product approval policy ensures compliance with regulatory requirements and takes into account valuation models and the impact on the risk profile, capital adequacy, profitability and availability of resources. The risk management unit and the compliance unit are involved in approving new products.

Chapter Recommendation Z	of	Important aspects of application of Recommendation Z by Santander Bank Polska S.A. (cont.)
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F. Disclosures		<ul style="list-style-type: none">▶ The Bank has the disclosure strategy, whose main purpose is to provide market participants with reliable and exhaustive information about the Bank's risk profile. The strategy sets out the scope, frequency, time limits and forms of disclosure and rules for approval and verification of information subject to disclosure, and assessment whether market participants are provided with a comprehensive picture of the risk profile (the strategy is available on the Bank's Investor Relations site, "Corporate documents" tab).
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Code of Banking Ethics

In addition to the foregoing corporate governance principles, Santander Bank Polska S.A. follows best sector practice established by the Polish Bank Association (ZBP) in the Code of Banking Ethics adopted by the 25th General Meeting of ZBP dated 18 April 2013.

The Code of Banking Ethics is composed of two parts:

Code of Best Banking Practice – a set of rules to be followed by banks in their relations with customers, employees, business partners and competitors;

Bank Employee Code of Ethics – rules of conduct for bank employees.

The Code of Banking Ethics is available on the website of the KNF at: <https://www.zbp.pl/dla-klientow/poradniki-i-rekomendacje>.

Internal regulations

The general corporate governance principles are described in detail in the Bank's internal regulations.

The Bank has the Group-Subsidiary Governance Model and Guidelines for Subsidiaries as well as Specific Corporate Frameworks in place. The above-mentioned model sets out the basic rules to be followed by the Group in its relations with subsidiaries. It also includes guidelines on management and supervisory bodies and corporate governance concerning key business, support and control functions.

The Internal Governance Rules of Santander Bank Polska S.A. define the key rules applied by the Bank with regard to the management system, organisational structure, internal and external relations, including relations with shareholders and customers, internal supervision and key internal systems and functions, as well as the rules of procedure, powers, obligations and responsibilities of members of the Supervisory Board and the Management Board and key function holders and mutual relations between them. Furthermore, the Corporate Governance Rules of Santander Bank Polska Group define the organisation and functioning of the Group entities as well as the rules for cooperation and intragroup reporting.

Irrespective of their role, all employees of the Bank and the Group must follow ethical principles and rules of conduct established in the General Code of Conduct. It is a set of key principles and values reflecting the corporate culture of Santander Group, whose aim is to build trust and lasting loyalty of employees, customers, shareholders and communities. These rules are strictly connected with the Bank's business strategy and purpose, which is to help people and businesses prosper in a Simple, Personal and Fair way.

In 2022, the Bank's corporate behaviours were reshaped to speed up transformation of the organisation and make it more attractive for customers. The five reshaped behaviours create an acronym: "T.E.A.M.S." (Think customer, Embrace change, Act now, Move together, Speak up). They emphasise that people, teams and customers are the top priority for the Bank. They are also used as performance review criteria.

The General Code of Conduct is complemented with the following regulations: Code of Conduct in the Securities Markets, Anti-Money Laundering Policy, Anti-Corruption Programme, Conflict of Interest Prevention Policy.

The formal framework of the Bank's corporate culture also includes the Sustainability Policy, which defines the organisation's approach to sustainable development in terms of responsible banking as well as the Bank's voluntary ethical, social and environmental commitments. Details are provided in Chapter XIV "The Statement on Non-financial Information for 2022".

2. Issuer's Securities

Structure of share capital

The table below presents the entities with significant holdings of Santander Bank Polska S.A. shares as at 31 December 2022 and 31 December 2021.

Shareholders with a stake of 5% and higher	Number of shares and voting rights		% in the share capital and total voting power	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Banco Santander S.A.	68,880,774	68,880,774	67.41%	67.41%
Nationale-Nederlanden OFE ¹⁾	5,123,581	5,123,581	5.01%	5.01%
Other shareholders	28,184,959	28,184,959	27.58%	27.58%
Total	102,189,314	102,189,314	100.00%	100.00%

1) Nationale-Nederlanden Otwarty Fundusz Emerytalny (OFE) is managed by Nationale-Nederlanden Powszechne Towarzystwo Emerytalne (PTE) S.A.

As at 31 December 2022, Banco Santander S.A. held a controlling stake of 67.41% in the registered capital of Santander Bank Polska S.A. and in the total number of votes at the Bank's General Meeting. The remaining shares were held by the minority shareholders, of which, according to the information held by the Bank's Management Board, only Nationale-Nederlanden Otwarty Fundusz Emerytalny (OFE) exceeded the 5% threshold in terms of share capital and voting power.

According to the information held by the Management Board, the ownership structure did not change in the period from the end of the financial year of 2022 until the date the Annual Report of Santander Bank Polska Group for 2022 was authorised for issue.

Rights and restrictions attached to the issuer's securities

The shares of Santander Bank Polska S.A. are ordinary bearer shares. Each share carries one vote at the General Meeting. The nominal value is PLN 10 per share. All shares are fully paid.

The Bank did not issue any series of shares that would give their holders any special control rights towards the issuer or would limit their voting power or other rights. Neither are there any restrictions on the transfer of title to the issuer's shares.

Planned share buyback in relation to Incentive Plan VII

The Bank's Annual General Meeting of 27 April 2022 established Incentive Plan VII and determined its terms and conditions. For the purpose of the Plan, between 2023 and 2033 the Bank will buy back up to 2,331,000 shares in accordance with the revised remuneration strategy for key employees of the Bank for 2022–2026, which introduced variable remuneration based on the Bank's shares. In the case of participants of Incentive Plan VII who are material risk takers within the meaning of Article 9ca(1a) of the Banking Law Act, the form of variable remuneration will be changed from phantom stock to the Bank's actual shares.

In order to fulfill the Bank's obligations under Incentive Plan VII the Extraordinary General Meeting of 23 January 2023 authorised the Bank's Management Board to purchase (buy-back) the fully paid-for Bank's own shares. In 2023, the Bank intends to buy back up to 207,000 own shares.

3. Amendment of the Statutes of Santander Bank Polska S.A.

Any amendments to the Statutes of Santander Bank Polska S.A. may be made by way of a resolution of the General Meeting and must be entered into the register of entrepreneurs of the National Court Register in order to be valid. In accordance with the Banking Law, such amendments also require consent from the Polish Financial Supervision Authority (KNF). In 2022, the Bank's Statutes were not amended.

4. Governing Bodies

General Meeting

Organisation and powers of the General Meeting

The Bank's General Meeting is held as provided for in the Commercial Companies Code of 15 September 2000, the Bank's Statutes and the Terms of Reference of the General Meeting. The Statutes as well as the Terms of Reference are available on the Bank's website:

<https://www.santander.pl/relacje-inwestorskie/dokumenty-korporacyjne#dokument=6>

The Annual General Meeting is held once a year by 30 June. The Extraordinary General Meeting is convened when it is required to take a decision on a specific matter or when such a meeting is requested by eligible parties.

The General Meeting agrees on the issues within its remit, as defined by the above-mentioned laws and internal regulations. The Annual General Meeting:

- reviews and approves the Management Board's report on the Bank's performance and the financial statements for the previous financial year;
- adopts a resolution on profit distribution or loss coverage;
- gives discharge to the members of the company's governing bodies;
- reviews and approves the financial statements of the Group within the meaning of the accounting regulations;
- reviews other reports (e.g. report on the activities of the Supervisory Board).

The Annual General Meeting or the Extraordinary General Meeting may:

- adopt a resolution to amend the Bank's Statutes;
- appoint members of the Supervisory Board;
- remove members of the Management Board;
- adopt a resolution to increase share capital;
- decide on a merger with another company;
- adopt a resolution on remuneration policies for members of the Management Board and the Supervisory Board;
- set remuneration for members of the Supervisory Board.

Since 2011, the Bank's shareholders may participate in the General Meeting using electronic communication channels (without the physical presence of themselves or their proxies). This enables two-way real-time communication and makes it possible for shareholders to exercise their voting rights. The Bank's approach, applied and improved for years, proved particularly effective during the Covid-19 pandemic, when business travel and participation in the General Meeting was significantly impeded.

Voting (including via electronic communication channels) takes place using an electronic voting system which returns the number of votes ensuring that they correspond to the number of shares held, and in the case of a secret ballot – allows shareholders to remain anonymous. Shareholders may vote in person or by proxy.

The General Meeting is broadcast live online to all interested parties and a recording is available on the Bank's website dedicated to the General Meeting for later review. The information about the planned broadcast is published at least seven days before the date of the General Meeting.

Draft resolutions, rationale, and other submissions to the General Meeting (assessments, reports and opinions of the Bank's Supervisory Board) are published on the Bank's website early enough for the General Meeting participants to read them.

The representatives of the press, radio and TV may also attend the General Meeting.

General Meeting in 2022

On 27 April 2022, the Annual General Meeting of Santander Bank Polska S.A. was held. It approved the 2021 reports submitted by the Management Board and the Supervisory Board, and the Supervisory Board's assessments of the required areas. It also considered the Management Board's proposal regarding the distribution of the profit for 2021 and the retained profit for 2019, approved the collective suitability assessment of the Supervisory Board and the individual suitability assessment of the Supervisory Board members, granted discharge to the members of the Management Board and the Supervisory Board, introduced five-year Incentive Plan VII, reviewed the report on remuneration of the Management Board and the Supervisory Board for 2021, set the maximum ratio of variable to fixed remuneration for material risk takers, updated the Remuneration Policy for members of the Management Board of Santander Bank Polska S.A. and the Remuneration Policy for members of the Supervisory Board of Santander Bank Polska S.A. and adopted the Best Practice for GPW Listed Companies 2021.

Shareholders' rights

The rights of shareholders of Santander Bank Polska S.A. are set out in the Terms of Reference of the Bank's General Meeting in line with the Commercial Companies Code.

The fundamental right of shareholders is to attend the General Meeting and vote (personally or through proxies).

Pursuant to the Terms of Reference of the General Meeting, shareholders or their proxies may participate in the General Meeting via electronic communication channels (i.e. they may vote, make an objection, communicate with the meeting room, ask questions, etc.). Each share carries one vote at the General Meeting.

- Shareholders have certain rights with respect to the General Meeting, as specified in the Commercial Companies Code. In particular, they may:
 - object to adopting a resolution;
 - appeal against resolutions adopted by the General Meeting to the court (action for revocation or cancellation of a resolution);
 - request voting by secret ballot;
 - submit draft resolutions and propose amendments and supplements to draft resolutions concerning the business of the General Meeting by the end of discussion of a particular agenda item;
 - ask questions and request information from the Management Board regarding issues on the General Meeting agenda, as provided for by the Commercial Companies Code;
 - apply for the role of the Chairman of the General Meeting or propose a candidate for that role;
 - challenge decisions made by the Chairman of the General Meeting;
 - give a brief presentation and a short response to questions concerning individual items of the agenda.
- Shareholders may also:
 - request that a list of shareholders be emailed to them free-of-charge to the indicated address, inspect the list of shareholders available in the Bank's Management Board office and request a copy of the list at their own expense;
 - demand copies of requests included in the General Meeting agenda one week before the General Meeting;
 - have access to the General Meeting minutes and request copies of resolutions confirmed by the Bank's Management Board as true copies.

The Management Board members, acting within their powers and in accordance with the act on trading in financial instruments, have an obligation to respond to shareholders' questions which are relevant to the business of the General Meeting (for important reasons only – the response must be given in writing within two weeks of the request). The Management Board refuses to provide the requested information if it might:

- be prejudicial to the company or its subsidiaries or affiliates due to disclosure of technical, trade or organisational secret;
- cause a member of the Management Board to face criminal, civil or administrative liability.

Shareholders may request the Bank to provide information concerning the Bank outside of the General Meeting. In such a case, the Management Board may provide the requested information in writing, unless it might be prejudicial to the Bank, its subsidiary or affiliate, in particular due to disclosure of the company's technical, trade or organisational secret.

If the Bank provides information outside of the General Meeting, it publishes a current report with answers to the questions asked.

Supervisory Board

Rules of the procedure of the Supervisory Board

The Supervisory Board of Santander Bank Polska S.A. operates under the Banking Law of 29 August 1997, the Commercial Companies Code of 15 September 2000, the Bank's Statutes and the Terms of Reference of the Supervisory Board, available on the Bank's website.

Composition, rules for appointment and removal of Supervisory Board members

The Supervisory Board consists of at least five members appointed for a joint three-year term of office. The Supervisory Board members, including the Chairman of the Supervisory Board, are appointed and removed by the General Meeting. The Management Board informs the KNF about the composition of the Supervisory Board. The term of office of the Supervisory Board member expires no later than on the date of the General Meeting held to approve the financial statements for the last full financial year in which the member served on the Supervisory Board. It also expires as a result of the member's death, resignation or removal. The term of office of the Supervisory Board member who was appointed before the end of the term of the Supervisory Board expires at the same time as those of the remaining members.

Pursuant to the Bank's Statutes, at least half of the Supervisory Board members should be of independent status.

Powers of the Supervisory Board

The Supervisory Board exercises ongoing oversight of the Bank's operations. Apart from the rights and obligations provided for by the law and the Statutes, the Supervisory Board also has the following powers:

- to assess the financial statements in terms of their consistency with the books of account, documents and factual circumstances;
- to approve the Bank's annual and long-term development and financial plans, strategy and rules of prudential and stable management established by the Management Board;
- to approve the Management Board's proposals as regards setting up and winding up the Bank's units abroad;
- to give consent to equity investments to be made by the Bank if:
 - the value of such investment exceeds the PLN equivalent of EUR 4,000,000;
 - the value of such investment exceeds EUR 400,000 and, concurrently, as a result of such investment, the Bank's share in another entity will be equal to, exceed or will be reduced below 20% of the votes at the General Meeting;
- with the exception of underwriting agreements, the total exposure of the Bank under such agreements does not exceed one tenth of the total own funds of the Bank;
- to give consent to buy, sell or encumber non-current assets (as defined in the Accounting Act), in particular real property, if the value of a non-current asset exceeds the PLN equivalent of EUR 4,000,000, except for foreclosure of real property by the Bank as a mortgagee, as a result of an unsuccessful auction held as part of enforcement proceedings or foreclosure of another fixed asset or securities by the Bank, as a creditor secured by a registered pledge pursuant to the provisions of the Act on registered pledge and the register of pledges, or as a creditor secured by a transfer of title to secure loan repayment pursuant to the provisions of the Banking Law;
- to review the Management Board reports and proposals concerning profit distribution and loss coverage;
- to set remuneration for the President and members of the Management Board;
- to conclude agreements on behalf of the Bank with members of the Management Board (where authorised to do so), including employment contracts and management contracts (the Supervisory Board may appoint its Chairman or another member of the Supervisory Board to make statements of will in this respect);
- to adopt the Terms of Reference of the Bank's Management Board and other terms of reference and rules provided for by the Statutes or law, and to approve the Bank's Organisational Regulations and Policy on internal control system;
- to appoint an entity authorised to audit the Bank's financial statements and to conduct financial audits in the Bank;
- to request consent from the KNF to appoint two Management Board members, including the President of the Management Board;
- to inform the KNF about:
 - other Management Board members and each change in the Management Board composition;
 - compliance of the Management Board members with the criteria set out in the Banking Law, after performing the compliance assessment;
 - approving and changing the distribution of duties within the Management Board;
 - including the information on the Management Board member in charge of material risk in the Bank's operations;
- to appoint and remove the President and other members of the Management Board;
- to suspend the Management Board members for important reasons and delegate the Supervisory Board members to perform the role of the suspended Management Board members;
- to present the Annual General Meeting with a brief assessment of the Bank's situation, including the assessment of the internal control system and the material risk management system;
- to approve the policies developed by the Management Board: risk management policy, risk appetite, internal capital assessment and maintenance policy, internal control policy, remuneration policy, for each category of material risk takers;
- to approve the distribution of duties within the Management Board as decided by the Management Board;
- to review the matters to be considered by the General Meeting.

The Supervisory Board takes decisions in the form of resolutions which are adopted by absolute majority in open voting. The Supervisory Board adopts resolutions in a secret ballot in the cases stipulated by law. The Supervisory Board meetings are held as and when required and at least three times in any financial year. The Supervisory Board members convene in a single location, or in different locations using remote communication channels.

Selected forms of communication with the shareholders

Each year, the Supervisory Board prepares and presents to the Annual General Meeting a report on its activities in the previous year, including a summary of operations of the Supervisory Board committees, a report from the audit of the annual financial statements of the Group and the Management Board's proposal of profit distribution, as well as assessment of the Group's activities (including internal control, risk management and compliance systems and

internal audit function), corporate governance practices, remuneration policy and sponsorship and corporate giving policy. The above report of the Supervisory Board is published on the Bank's website at least 26 days before the General Meeting.

Suitability assessment

All Supervisory Board members are subject to individual suitability assessment (initial and ongoing). The Supervisory Board is also subject to collective suitability assessment. The foregoing processes are delivered in accordance with the Policy on suitability assessment of Supervisory Board members in Santander Bank Polska S.A. developed in line with the Joint Guidelines of the European Securities and Markets Authority and the European Banking Authority no. EBA/GL/2021/06, Guidelines of the European Banking Authority no. EBA/GL/2021/05 on internal governance, taking into account applicable laws, in particular the Banking Law Act and the Commercial Companies Code. The assessment is conducted according to the Suitability assessment methodology for members of governing bodies of supervised entities published by the KNF. The individual and collective suitability assessments are conducted at least once a year and as required under the above-mentioned policy, e.g. when candidates are proposed for the Supervisory Board positions (in this case, the assessment should be generally performed before the formal appointment), when membership of the Supervisory Board changes or when the Bank's business model is significantly modified. The Supervisory Board presents the results of the suitability assessment at the next General Meeting.

Composition of the Supervisory Board

The table below presents the composition of the Supervisory Board of Santander Bank Polska S.A. as at 31 December 2022 and 31 December 2021.

Role in the Supervisory Board	No.	Composition as at 31.12.2022	No.	Composition as at 31.12.2021
Chairman of the Supervisory Board:	1.	Antonio Escámez Torres	1.	Antonio Escámez Torres
Deputy Chairman of the Supervisory Board:	2.	José Luis de Mora	2.	José Luis de Mora
	3.	Dominika Bettman	3.	Dominika Bettman
	4.	José García Cantera	4.	José García Cantera
	5.	Danuta Dąbrowska	5.	Danuta Dąbrowska
Members of the Supervisory Board:	6.	Isabel Guerreiro	6.	Isabel Guerreiro
	7.	David Hexter	7.	David Hexter
	8.	John Power	8.	John Power
	9.	Jerzy Surma	9.	Jerzy Surma
	10.	Marynika Woroszyńska-Sapieha	10.	Marynika Woroszyńska-Sapieha

In 2022, the Nominations Committee of the Supervisory Board of Santander Bank Polska S.A. assessed the individual suitability of the Supervisory Board members as well as collective suitability of the Supervisory Board of Santander Bank Polska S.A. in accordance with the applicable regulations and the Suitability assessment methodology for members of governing bodies of supervised entities published by the KNF. These were ongoing annual suitability assessments. The Annual General Meeting held on 27 April 2022 approved the results of the suitability assessments.

In 2022, the composition of the Supervisory Board did not change.

Pursuant to the Bank's Statutes, Terms of Reference of the Supervisory Board and Terms of Reference of the Audit and Compliance Committee, half of the members of the Supervisory Board meet the independence criteria. The following members of the Supervisory Board held independent status: Dominika Bettman, Danuta Dąbrowska, David Hexter, Jerzy Surma and Marynika Woroszyńska-Sapieha. Each of the above persons made a relevant statement which is subject to suitability assessment. The results of individual and collective suitability assessments of the Supervisory Board are approved by the Supervisory Board in the form of a resolution, and then approved by the General Meeting.

In 2022, the members of the Supervisory Board committed sufficient time to perform their functions. 23 Supervisory Board meetings were held during the year at which 153 resolutions were passed. The average attendance of the Supervisory Board members was 96.1%.

The table below presents the attendance of Supervisory Board members:

Role in the Supervisory Board	No.	Composition as at 31.12.2022	Attendance at the meetings in 2022		No.	Composition as at 31.12.2021	Attendance at the meetings in 2021	
Chairman of the Supervisory Board:	1.	Antonio Escámez Torres	23/23	100%	1.	Antonio Escámez Torres	17/17	100%
Deputy Chairman of the Supervisory Board:	2.	José Luis de Mora	21/23	91%	2.	José Luis de Mora	19/23	83%
Members of the Supervisory Board:	3.	Dominika Bettman	23/23	100%	3.	Dominika Bettman	23/23	100%
	4.	José García Cantera	21/23	91%	4.	José García Cantera	20/23	87%
	5.	Danuta Dąbrowska	22/23	96%	5.	Danuta Dąbrowska	22/23	96%
	6.	Isabel Guerreiro	20/23	87%	6.	Isabel Guerreiro	21/23	91%
	7.	David Hexter	23/23	100%	7.	David Hexter	22/23	96%
	8.	John Power	22/23	96%	8.	John Power	23/23	100%
	9.	Jerzy Surma	23/23	100%	9.	Jerzy Surma	21/23	91%
	10.	Marynika Woroszyńska-Sapieha	23/23	100%	10.	Marynika Woroszyńska-Sapieha	21/23	91%

Members of the Bank's Supervisory Board have various academic background, extensive expertise and considerable professional experience in banking and business, including finance, accounting, financial analysis, IT law and economics. Individual competencies and experience of the Supervisory Board members guarantee due performance of the obligations entrusted with them, while their complementarity ensures effective discharge of collective supervisory obligations. The diversity of the Supervisory Board in terms of gender, age, geographical provenance and length of service with the Bank is presented in Part 7 "Diversity Policy" (Section "Diversity policy regarding the governing bodies").

The information about the academic background and professional experience of the Bank's Supervisory Board members is presented below. It is also published on the Bank's website at: <https://www.santander.pl/relacje-inwestorskie/informacje-o-spolce/wladze-banku>.

Members of Supervisory Board of Santander Bank Polska S.A.



Antonio Escámez Torres
Chairman of the Supervisory Board

Academic background:

- ▶ Law degree from Complutense University of Madrid

Professional background:

- ▶ 1973–1999: Banco Central (including the role of the Chairman and Chief Executive Officer with responsibility for the North American operations of Banco Central, Member of the Board of Directors, Member of the Executive Committee and Member of the Management Committee)
- ▶ since 1999: Santander Group (including the role of the Member of the Board of Directors, Member of the Executive Committee, Member of the Management Committee, Member of the Banco Santander International Advisory Board and Member of Technology and International Committees)
- ▶ 2009–2018: Chairman of Spain India Council Foundation
- ▶ 2007–2018: Chairman of Banco Santander Foundation
- ▶ 1994–2018: Vice Chairman of Attijariwafa Bank
- ▶ since 1999: Santander Consumer Finance S.A.: Chairman of the Board of Directors (1999–2020) and Non-Executive Director (since 2020)



José Luis de Mora
Deputy Chairman of the Supervisory Board

Academic background:

- ▶ Graduate of ICADE University (Law and Economics)
- ▶ MBA degree from Boston College
- ▶ Chartered Financial Analyst

Professional background:

- ▶ 1992–1994: Corporate Finance at Bank of Spain and Daiwa Securities
- ▶ 1994–1998: Analyst with Kleinwort Benson (London), responsible for Spain's equity and banking market
- ▶ 1998–2003: Analyst with Merrill Lynch (London), responsible for pan-European banks, including Spanish, French and Italian banks
- ▶ since 2003: Santander Group (currently: Senior Vice President supervising financial planning and corporate development, responsible for planning an organic growth strategy, corporate acquisitions and Group's expansion)
 - ▶ 2012–2015: Member of the Board of Sovereign Bank NA
 - ▶ 2012–2013: Member of the Board of Santander Consumer USA
 - ▶ since 2015: Member of the Board of Santander Consumer Finance S.A.
- ▶ since 2011: Deputy Chairman of the Supervisory Board of Santander Bank Polska S.A.



Dominika Bettman
Independent Member of the Supervisory Board

Academic background:

- ▶ Graduate of Warsaw School of Economics, Foreign Trade Faculty, and IESE Advanced Management Programme in Barcelona

Professional background:

- ▶ Employed for approx. 25 years with Siemens Polska:
 - ▶ 1995–1997: Logistics Manager, Siemens Nixdorf Polska
 - ▶ 1997–2002: Senior Commercial Manager, Siemens sp. z o.o.
 - ▶ 2002–2007: Finance Director at Siemens IT (until 2004) and Siemens Telecommunication (from 2004)
 - ▶ 2007–2009: Member of the Management Board and Chief Financial Officer, Nokia Siemens Network
 - ▶ 2009–2018: Chief Financial Officer, Siemens sp. z o.o.
 - ▶ 2018–2021: President of the Management Board of Siemens sp. z o.o.
 - ▶ 2019–2021: Head of Digital Industries at Siemens Polska
- ▶ 2015–2019: Member of the Supervisory Board of Eurobank S.A.
- ▶ since 2021: President of the Management Board of Microsoft Polska sp. z o.o.
- ▶ since 2020: Member of the Supervisory Board of Santander Bank Polska S.A.



José García Cantera
Member of the Supervisory Board

Professional background:

- ▶ until 2003: Latin America stock analyst; senior executive positions at Salomon Brothers-Citigroup
- ▶ 2003: Senior Vice President in charge of Global Banking and Markets Division of Banesto
- ▶ 2006–2012: CEO of Banesto
- ▶ 2012–2015: Head of Global Banking and Markets of Santander Group
- ▶ since 2015: Senior Vice President, Chief Financial Officer and Head of the Finance Division of Banco Santander S.A.
- ▶ Chairman of the Board of Santander de Titulizaciones SGFT and Santander Investment S.A.
- ▶ since 2015: Member of the Supervisory Board of Santander Bank Polska S.A.

Academic background:

- ▶ MBA degree from IE Business School



Danuta Dąbrowska
Independent Member of the Supervisory Board

Professional background:

- ▶ 1991–1993: Financial Assistant, Arthur Andersen & Co., Warsaw
- ▶ 1993–1997: Audit Manager, Coopers & Lybrand
- ▶ 1997–2001: Head of Financial and Business Control Department of Ericsson, Warsaw and Stockholm
- ▶ 2002–2003: CFO of TP Internet (France Telecom Group)
- ▶ 2004–2008: Member of the Board, CFO (for Eastern Europe and Middle East) at ECCO Sko A/S
- ▶ 2009–2019: Member of the Board, Vice President, CFO for Eastern Europe, Pandora Jewelry CEE
- ▶ 2012–2017: Member of the Supervisory Board of Herkules S.A.
- ▶ 2016–2018: Member of the Board, Vice President, CFO for Middle East and Africa in Panmeas Jewellery LLC (Pandora)
- ▶ since 2014: Member of the Supervisory Board of Santander Bank Polska S.A.
- ▶ 2018–2021: Member of the Audit Committee at the Polish Council of Shopping Centres (Polska Rada Centrów Handlowych)
- ▶ since 2019: Member of the Supervisory Board and Chairman of the Audit Committee at Budimex S.A.
- ▶ since 2022: Co-founder of Grupa Oryx sp. z o.o.

Academic background:

- ▶ MA degree from the University of Horticulture and Food Industry in Budapest
- ▶ since 1999: Member of the Association of Chartered Certified Accountants (ACCA)
- ▶ Completed the Advanced Strategic Management Programme at IMD, Switzerland, and "Best-In-Retail" Programme at Harvard Business School
- ▶ Founding Member of FINEXA (Polish Association for Finance Directors)



Isabel Guerreiro
Member of the Supervisory Board

Professional background:

- ▶ 1992–1994: Lecturer in Computer Science at Instituto Superior Técnico in Lisbon
- ▶ 1995–2003: Programmer, System Analyst, Project Manager and Senior Manager at Novabase Sistemas de Informação S.A.
- ▶ Since 2005, employed with Banco Santander Totta S.A., Portugal:
 - ▷ 2005–2006: Sub-Director of Retail Banking
 - ▷ 2006–2008: Member of the Retail Banking Office
 - ▷ 2009–2013: Head of Branch Network Dynamics
 - ▷ 2013–2014: Head of Wholesale Strategy
 - ▷ 2014–2018: Head of Digital Transformation in charge of traditional and digital channels
 - ▷ Board Member in charge of Digitalisation and Transformation (since January 2019)
- ▶ since 2019: Member of the Supervisory Board of Santander Bank Polska S.A.

Academic background:

- ▶ MEng degree in Computer Software Engineering from Instituto Superior Técnico in Lisbon and MBA degree from INSEAD
- ▶ Graduate of Strategic Finance in Banking at Wharton Business School
- ▶ Completed a number of specialist courses for senior executives, e.g. Design Thinking BootCamp at Stanford University, and Driving Digital and Social Strategy at Harvard University



David R. Hexter

Independent Member of the Supervisory Board

Academic background:

- ▶ Graduate of Oxford University (Philosophy, Politics and Economics) and University College London (Legal and Political Theory)
- ▶ MBA degree from Cranfield School of Management
- ▶ MPhil degree from Birkbeck College London and PhD degree from Queen Mary University of London

Professional background:

- ▶ 1970–1992: Executive positions at Citibank N.A. in Europe and the USA, including:
 - ▷ 1986: Senior Credit Officer
 - ▷ 1989–1992: Division Executive for Central and Eastern Europe
- ▶ 1992–2004: European Bank for Reconstruction and Development:
 - ▷ 1992–1996: Head of the Financial Institutions Department
 - ▷ 1996–2004: Deputy Vice President of the Banking Department; Chairman of the Equity Investment Committee, responsible for approval of EBRD loans and projects
- ▶ since 2004: Independent Director and Consultant to a number of commercial firms, banks and equity funds operating in Russia, Kazakhstan, Denmark, Vietnam and Greece
- ▶ since 2013: Member of the Supervisory Board of Santander Bank Polska S.A.
- ▶ since 2016: Member of the Board of Piraeus Bank



John Power

Member of the Supervisory Board

Academic background:

- ▶ Financial Consultant
- ▶ 1992: Fellow of Institute of Bankers
- ▶ 1997: Fellow of Association of Chartered Certified Accountants
- ▶ 1998: Fellow of Institute of Chartered Secretaries and Administrators

Professional background:

- ▶ Chairman of Lelewela Enterprises Ltd. operating the Roche-Bobois franchise network in Ireland
- ▶ General Director at Allied Irish Banks plc, key person in the development of the Capital Markets
- ▶ 2008–2011: Member of the Board and Chairman of the Audit and Risk Committee of Bulgarian American Credit Bank
- ▶ Member of the Supervisory Board and Chairman of the Audit Committee of BZ WBK Asset Management S.A. (2009–2016), Dom Maklerski BZ WBK S.A. (2009–2014), Santander TFI S.A. (2016–2018)
- ▶ Member of the Supervisory Board of Santander Securities S.A. (2018–2019) and Santander Leasing S.A. (since 2018)
- ▶ since 2002: Member of the Supervisory Board of Santander Bank Polska S.A.



Jerzy Surma

Independent Member of the Supervisory Board

Academic background:

- ▶ Graduate of the Wrocław University of Technology (Computer Science and Management)
- ▶ PhD in Economic Science from the Wrocław University of Economics
- ▶ Completed the IFP programme at IESE Business School and Executive Programme at MIT Sloan School of Management

Professional background:

- ▶ 1999–2002: Head of the Software Development Department of T-Systems Polska
- ▶ 2002–2006: Director in charge of Business Consulting in IMG Information Management Polska responsible for the implementation of Business Intelligence systems, re-engineering business processes, IT advisory
- ▶ since 2006: Academic at Warsaw School of Economics (currently: Associate Professor in Collegium of Economic Analysis, 2018–2019: Head of Post-graduate Business Intelligence and Cybersecurity Management Studies)
- ▶ 2008–2017: Member of the Supervisory Board of Kęty Group
- ▶ 2011–2014: Visiting Scholar at Harvard Business School and University of Massachusetts
- ▶ since 2012: Member of the Supervisory Board of Santander Bank Polska S.A.
- ▶ 2018–2019: Head of the National Cryptology Centre (Narodowe Centrum Kryptologii)



Marynika Woroszyńska-Sapieha
Independent Member of the Supervisory Board

Academic background:

- ▶ Graduate of the Medical University of Warsaw and INSEAD International Executive Programme in Fontainebleau
- ▶ Member of INSEAD Alumni Club; awarded the National Order of the Legion of Honour

Professional background:

- ▶ Many years of service with the Institute of Cardiology in Anin as part of the team responsible for introducing new techniques in the field of interventional cardiology
- ▶ Started her professional career in the pharmaceutical industry in 1994: until 1996 with Infa Biocom, since 1998 with Sanofi Group (President of the Management Board and General Manager of the branch in Poland in 2004–2015)
- ▶ since 2016: Advisor to the President of the Management Board of Polpharma Group
- ▶ since 2017: Member of the Supervisory Board of Polpharma Group
- ▶ 2005–2012: Member of the Management Board of INFARMA (Employers' Union of Innovative Pharmaceutical Companies) in charge of activities related to the code of ethics and the transparency directive, protection of intellectual property rights and promotion of innovation in Poland
 - ▷ 2012–2014: President of the Management Board of INFARMA
- ▶ since 2014: Member of the Supervisory Board of Santander Bank Polska S.A.

Supervisory Board committees

The Supervisory Board may establish committees and designate individuals responsible for managing the work of such committees. These committees are designed to facilitate the current activities of the Supervisory Board by preparing draft Supervisory Board recommendations and decisions with regard to their own motions or the motions presented by the Management Board.

The following Supervisory Board committees operate in Santander Bank Polska S.A.: Audit and Compliance Committee, Risk Committee, Nominations Committee and Remuneration Committee. The responsibilities of these committees are set out in their respective terms of reference introduced by virtue of the Supervisory Board resolutions.

The table below presents the membership of the Supervisory Board committees and attendance at the their meetings.

**Composition of the Supervisory Board committees and attendance of their members
at the meetings in 2022 and 2021**

Role in the Supervisory Board	No.	Members of the Supervisory Board as at 31.12.2022	Audit and Compliance Committee		Risk Committee		Nominations Committee		Remuneration Committee	
			2022	2021	2022	2021	2022	2021	2022	2021
Chairman of the Supervisory Board:	1.	Antonio Escámez Torres ¹⁾								
Deputy Chairman of the Supervisory Board:	2.	José Luis de Mora					4/4	6/6	6/6	4/5
Members of the Supervisory Board:	3.	Dominika Bettman ²⁾	8/8	9/9	6/6	7/7			6/6	5/5
	4.	José García Cantera								
	5.	Danuta Dąbrowska	8/8	9/9			4/4	6/6	6/6	5/5
	6.	Isabel Guerreiro								
	7.	David Hexter ³⁾	7/8	9/9	5/6	7/7	4/4	1/1		
	8.	John Power			5/6	7/7				
	9.	Jerzy Surma	8/8	9/9	6/6	7/7	4/4	6/6		
	10.	Marynika Woroszyńska-Sapieha	8/8	9/9			4/4	6/6	6/6	5/5
Number of meetings in a given year			8	9	6	7	4	6	6	5

Chairman
Member

- 1) Antonio Escámez Torres has been the Chairman of the Supervisory Board since 22 March 2021. He replaced Gerry Byrne, who attended all meetings of the Nominations Committee (2) and the Remuneration Committee (3) held in 2021 until his resignation.
- 2) Dominika Bettman has been a member of the Supervisory Board and the above-mentioned Committees since 22 June 2020 and was present at all meetings of those Committees held after that date.
- 3) David Hexter has been a member of the Nominations Committee since 29 September 2021 and was present at all meetings of that Committee held after that date.

The operations of the Supervisory Board committees in the last year will be presented in the report on activities of the Supervisory Board in 2022, which will be submitted to the next General Meeting of Santander Bank Polska S.A. and published in due course before that meeting.

Audit and Compliance Committee

The **Audit and Compliance Committee** supports the Supervisory Board in fulfilment of its oversight obligations towards shareholders and other stakeholders in terms of:

- the quality and integrity of the accounting policies, financial statements and disclosure practices;
- compliance of the Bank's business with laws and internal regulations;
- independence and effectiveness of activities undertaken by internal and external auditors;
- internal control system and risk management system.

The Committee also establishes procedures for auditor selection by the Bank (the main assumptions are included in the Policy of Auditor Selection at Santander Bank Polska S.A. presented in Section 9 "External Auditor", Subsection "Selection of the external auditor"), develops the auditor services policy, as well as prepares and submits recommendations to the Supervisory Board regarding appointment, reappointment and removal of the external auditor in accordance with the applicable laws and the Policy of Auditor Selection at Santander Bank Polska S.A. The Committee assesses the independence of the statutory auditor, gives consent for such auditor to render other permitted non-audit services at the Bank and monitors financial audits.

An important role of the Committee is also to support the Supervisory Board in overseeing the compliance function and compliance risk management. To that end, the Committee conducts regular reviews of key compliance matters and changes in the regulatory environment, and assesses measures taken by the Management Board in this respect.

In 2022, the Committee exercised ongoing oversight of the Bank's financial reporting and reviewed key controls, particular financial, operational, and regulatory compliance controls. As part of monitoring of the internal audit function, compliance function and control function, the Committee obtained information required to assess the effectiveness and efficiency of the internal control system and presented a relevant opinion to the Supervisory Board in this respect, noting that the system is adequate and effective in the context of the assessment criteria established by the Management Board and approved by the Supervisory Board. Likewise, the Committee deemed the risk management system of the Bank to be adequate and effective.

The Committee conducted an ongoing review of matters within its remit, including regulatory, compliance, corporate governance, bancassurance and anti-money laundering issues, ICM/ SOX certification, Respect and Dignity Policy (breaches reported in confidence by employees) and other supervisory matters.

In 2022, the Committee regularly supervised the activities of the Internal Audit Area and positively assessed its operations in 2021, concluding that the Area was independent of other functions and that its operations were appropriate, effective and efficient.

Pursuant to its Terms of Reference, the Audit and Compliance Committee should convene at least four times per year at dates corresponding to the reporting and audit cycle. Additional meetings are held when necessary. In 2022, eight Committee meetings were held.

In 2022, the Committee issued a recommendation to the Supervisory Board to appoint PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. (formerly: PricewaterhouseCoopers Sp. z o.o.) to review and audit the financial statements of the Bank and Santander Bank Polska Group for 2023. The recommendation met all the required criteria and was presented to the Supervisory Board as part of the selection procedure carried out in accordance with the applicable principles (reappointment of the auditor). The process included, among other things, the assessment of PwC's independence and the quality of services provided to date.

Furthermore, in 2022 the Committee gave consent to PwC and other entities from its network to provide permitted non-audit services. Before the relevant recommendations were presented to the Supervisory Board, the independence of the auditor had been verified with a positive outcome. Detailed information about the foregoing services is presented in Section 9 "External Auditor", Subsection: "Permitted non-audit services".

Pursuant to the Act of 11 May 2017 on statutory auditors, audit firms and public oversight, the majority of audit committee members should meet the statutory independence criteria, which are also specified in the Bank's Statutes. In accordance with the Principles of Corporate Governance for Supervised Institutions, particularly members of the audit committee should have an independent status. In 2022, all members of the Audit and Compliance Committee met those formal criteria. It means that no Committee member has been a member of the Management Board of the Bank or its connected entity over the last five years, has not been an employee of the Bank or its connected entity over the last three years, has not received additional substantial remuneration from the Bank or its connected entity except for remuneration for performing their role on the Supervisory Board, is not a shareholder of the parent entity and does not represent it, has not had actual and material connections with a shareholder holding at least 5% of total voting power at the Bank's General Meeting.

Furthermore, all members of the Audit and Compliance Committee have independence of mind understood as an ability to make their own sound, objective and independent decisions and judgments when performing their functions and responsibilities. Such behavioural skills are assessed at least once a year as part of assessment of suitability of individual Supervisory Board members conducted in accordance with the Suitability assessment methodology for members of governing bodies of supervised entities published by the KNF.

The following Committee members have knowledge and skills in compliance with Audit Committee Best Practices 2021:

- Danuta Dąbrowska: ACCA certificate and membership since 1999.
- Dominika Bettman: degree in economics and extensive professional experience gained in previous positions, including as CFO at companies from Siemens Group.
- David Hexter: degree in economics, professional experience gained in executive positions in financial institutions.

The following Committee members have knowledge and skills in the area of banking:

- David Hexter: competencies gained in executive positions in the banking and financial services sectors, including in Citibank and the EBRD.
- Dominika Bettman: competencies gained as the Member of the Supervisory Board of Eurobank S.A.

Apart from the Committee members, the regular attendees also include representatives of the Bank's Auditor, the Vice President of the Management Board in charge of the Risk Management Division, the member of the Management Board in charge of the Financial Accounting and Control Division, the member of the Management Board in charge of the Financial Management Division, the Head of the Internal Audit Area and the Bank Director in charge of the Legal and Compliance Division. Other members of the Management Board and executives are also invited to attend the Committee meetings to present reports and discuss issues related to the areas under their management.

Risk Committee

The **Risk Committee** is specifically responsible for:

- issuing opinions on the Bank's current and future risk propensity;
- issuing opinions on the risk management strategy developed by the Bank's Management Board and supervising its delivery;
- supporting the Supervisory Board in overseeing the implementation of the risk management strategy by the senior management;
- checking if the prices of liabilities and assets offered to customers match the Bank's business model and risk management strategy, and if not – making a proposal to the Management Board to ensure adequacy of asset and liability prices in relation to different risk types;
- issuing opinions in relation to appointment and removal of the Management Board member in charge of risk management and opinions on his/her annual objectives and their delivery.

The Risk Committee convenes at least four times per year at dates corresponding to the reporting and audit cycle. Additional meetings are held when necessary. In 2022, six Committee meetings were held.

Nominations Committee

The **Nominations Committee** supports the Supervisory Board in performing its tasks, issues recommendations on the appointment and removal of members of the Supervisory Board, Management Board and other key function holders by the Bank's relevant bodies, and contributes to the performance of the Bank's duties with respect to the assessment of the suitability of members of the Supervisory Board, Management Board and key function holders.

The Nominations Committee holds meetings four times a year, as per the schedule agreed upon at the beginning of the year. Additional meetings are held when necessary. In 2022, four Committee meetings were held.

Remuneration Committee

The **Remuneration Committee** supports the Supervisory Board in performing its tasks concerning remuneration of members of the Bank's governing bodies and key function holders, reviews and monitors the Remuneration Policy and supports the General Meeting, the Supervisory Board and the Management Board in developing and implementing that Policy.

The Committee holds regular meetings four times a year, as per the schedule agreed upon at the beginning of the year. Additional meetings are held when necessary. In 2022, six Committee meetings were held.

Management Board

Appointment and removal of executives

Members of the Management Board of Santander Bank Polska S.A. are appointed and removed in accordance with the Commercial Companies Code, Banking Law and the Bank's Statutes.

The Bank's Management Board consists of at least three persons (including the Management Board President) appointed by the Supervisory Board for a joint three-year term of office. At least half of the Management Board members (including the Management Board President) are required to speak Polish, have a university degree, be permanent residents of Poland, have good knowledge of the Polish banking sector and experience of the Polish market to manage a Polish banking institution. Two Management Board members, including the Management Board President, are appointed with the approval of the KNF. Management Board members may be removed by the Supervisory Board or the General Meeting at any time.

The term of office of the Management Board member expires no later than on the date of the General Meeting held to approve the financial statements for the last full financial year in which the member served on the Management Board. It also expires as a result of the member's death, resignation or removal. The term of office of the Management Board member who was appointed before the end of the term of the Management Board expires at the same time as those of the remaining members.

All Management Board members are subject to individual suitability assessment (initial and ongoing). The Management Board is also subject to collective suitability assessment. The foregoing processes are delivered in accordance with the Policy on suitability assessment of Management Board members and key function holders in Santander Bank Polska S.A. developed in line with the Joint Guidelines of the European Securities and Markets Authority and the European Banking Authority no. EBA/GL/2021/06, Regulation of the Minister of Finance of 7 May 2018 on specific tasks of the nomination committees in significant banks, and other applicable laws, in particular the Banking Law Act and the Commercial Companies Code. The assessment is also conducted according to the Suitability assessment methodology for members of governing bodies of supervised entities published by the KNF. The individual and collective suitability assessments are conducted at least once a year and as required under the above-mentioned policy, e.g. when candidates are proposed for the Management Board positions (in this case, the assessment should be generally performed before the formal appointment), when membership of the Management Board changes or when the Bank's business model is significantly modified.

Since 1 January 2023, there has been a new member of the Management Board in charge of the Financial Accounting and Control Division. On 31 May 2022, Carlos Polaino Izquierdo resigned from this position, effective as of 1 January 2023. On 13 December 2022, the Supervisory Board appointed María Elena Lanciego Pérez in his place. The individual and collective suitability assessments confirmed that each member of the Management Board and the Management Board as a whole have appropriate knowledge and skills and meet all the suitability criteria to perform their functions.

Pursuant to Article 22b(1) of the Banking Law Act, the Management Board President and the Management Board member in charge of material risk management are appointed with the approval of the KNF. Such approval was required in relation to the appointment of Michał Gajewski as the President of the Management Board and Andrzej Burliga as the Vice President of the Management Board in charge of the Risk Management Division and the Business Intelligence Area.

Powers of executives

The Management Board of Santander Bank Polska S.A. manages and represents the Bank.

The Management Board takes decisions to raise obligations or transfer assets where the total value for one entity exceeds 5% of the Bank's own funds. It may also, by way of resolution, delegate its powers to take such decisions to other committees or persons at the Bank. The Management Board members run the Bank's affairs jointly, and in particular: define the Bank's mission, set long-term action plans and strategic objectives, prepare assumptions for the Bank's business and financial plans, approve proposed plans and monitor their performance, regularly report to the Supervisory Board on the Bank's position in the scope and at the dates agreed with the Supervisory Board, appoint permanent or ad hoc committees and designate individuals responsible for managing the work of such committees. The committees are composed of both Management Board members and persons from outside the Management Board.

Management Board members acting severally do not have any specific powers and cannot take decisions on issuing or redeeming shares.

Standing committees operating at the Bank include:

- Assets and Liabilities Committee (ALCO)
- Credit Policy Forum for Retail Credit Portfolios
- Credit Policy Forum for SME Credit Portfolios
- Credit Policy Forum for Business and Corporate Credit Portfolios
- Provisions Committee
- Operational Risk Management Committee (ORMCO)
- Disclosure Committee
- Information Management Committee

- Risk Management Committee
- Model Risk Management Committee
- Marketing Forum
- Regulatory and Reputational Risk Committee
- Anti-Money Laundering and Terrorism Financing Committee
- Procurement and Investment Committee
- Credit Committee
- Local Marketing and Monitoring Committee
- Public Policy Committee

- Restructuring Committee
- Responsible Banking and Corporate Culture Committee
- Capital Committee
- Suppliers Panel
- Capital Stress Test Forum
- Investment Advisory Committee
- Risk Control Committee
- Special Situations Management Committees (Gold, Silver, Bronze Group)
- General Compliance Committee

Rules of procedure of the Management Board

The Management Board operations are primarily governed by Banking Law, the Commercial Companies Code, the Bank's Statutes and the Terms of Reference of the Management Board, available on the Bank's website.

According to the Bank's Statutes, the following individuals are authorised to represent and bind the Bank: a) the Management Board President acting individually, and b) two members of the Management Board acting jointly, or a member of the Management Board acting jointly with a commercial representative (*prokurent*), or two commercial representatives acting jointly. Attorneys may be appointed and authorised to act individually or jointly with any of the persons indicated in b) or with another appointed and authorised attorney.

The Management Board deals with all issues which have not been restricted to the remit of the General Meeting or the Supervisory Board. The Management Board takes decisions in the form of resolutions which are adopted by absolute majority in open voting.

The Management Board adopts resolutions in a secret ballot in cases stipulated by law. Management Board meetings are held as required. The Management Board members convene in a single location, or in different locations using remote communication channels.

The table below presents the composition of the Management Board of Santander Bank Polska S.A. as at 31 December 2022 and 31 December 2021 and the roles and responsibilities of its members. The Bank's organisational structure is presented in Part 1 of Chapter X "Organisational and Infrastructure Development".

Role in the Management Board	No.	Composition as at 31.12.2022	Reporting area as at 31.12.2022	No.	Composition as at 31.12.2021	Reporting area as at 31.12.2021
President of the Management Board:	1.	Michał Gajewski	Units reporting directly to the President: 1) Legal and Compliance Division 2) Units outside the divisional structure: Internal Audit Area, Corporate Communication and Marketing Area, Corporate Governance Department, Classified Data Protection Unit	1.	Michał Gajewski	Units reporting directly to the President: 1) Legal and Compliance Division 2) Units outside the divisional structure: Internal Audit Area, Corporate Communication and Marketing Area, Strategy and Transformation Area, Corporate Governance Department, Classified Data Protection Unit
Vice Presidents of the Management Board:	2.	Andrzej Burliga	1) Risk Management Division 2) Business Intelligence Area (unit outside the divisional structure)	2.	Andrzej Burliga	1) Risk Management Division 2) Business Intelligence Area (unit outside the divisional structure)
	3.	Juan de Porras Aguirre	Corporate and Investment Banking Division	3.	Juan de Porras Aguirre	Corporate and Investment Banking Division
	4.	Arkadiusz Przybył	Retail Banking Division	4.	Arkadiusz Przybył	Retail Banking Division
	5.	Lech Gałkowski	Business and Corporate Banking Division	5.	Lech Gałkowski	Business and Corporate Banking Division
Members of the Management Board:	6.	Patryk Nowakowski	Digital Transformation Division	6.	Patryk Nowakowski	Digital Transformation Division
	7.	Maciej Reluga	Financial Management Division	7.	Maciej Reluga	Financial Management Division
	8.	Carlos Polaino Izquierdo	Financial Accounting and Control Division	8.	Carlos Polaino Izquierdo	Financial Accounting and Control Division
	9.	Dorota Strojewska	Business Partnership Division	9.	Dorota Strojewska	Business Partnership Division

All members sitting on the Bank's Management Board as at 31 December 2022 were appointed by the Supervisory Board for a joint three-year term of office on 22 March 2021, except for Lech Gałkowski, who joined the Management Board on 26 May 2021. In 2022, the composition of the Management Board did not change compared with 31 December 2021. As a result of the resignation of Carlos Polaino Izquierdo, María Elena Lanciego Pérez was appointed a member of the Bank's Management Board in charge of the Financial Accounting and Control Division, effective as of 1 January 2023.

The professional activities of the Management Board members focused on the performance of obligations connected with their role in the Management Board. The Management Board members complied with the limitation of the positions held with other companies, as stipulated in Article 22aa of the Banking Law Act. The succession of the Management Board members and the continued delivery of the business processes at the senior management levels is ensured by the Nomination and Succession Planning Policy for Management Board Members and Key Function Holders at Santander Bank Polska S.A. and the succession plans in place.

The information about the academic background and professional experience of the Bank's Management Board members is presented below. It is also published on the Bank's website at: <https://www.santander.pl/relacje-inwestorskie/informacje-o-spolce/wladze-banku>.

Management Board Members of Santander Bank Polska S.A.



Michał Gajewski
President of the Management Board

Academic background:

- ▶ Legal counsel
- ▶ Graduate of the Adam Mickiewicz University in Poznań, Northwestern University in Chicago and London Business School

Professional background:

- ▶ 1992–2008: WBK Group and BZ WBK Group (including the role of BZ WBK Management Board Member in charge of Retail Banking)
- ▶ 2008–2011: Vice President of the Management Board of BGŻ S.A. in charge of Retail, SME and Corporate Banking
- ▶ 2012–2015: Macroregional Director in the Retail Banking Division of Bank Millennium S.A.
- ▶ 2015: Member of the Management Board of Bank Millennium S.A. in charge of the Retail Banking Division
- ▶ since 2016: President of the Management Board of Santander Bank Polska S.A.



Andrzej Burliga
Vice President of the Management Board
Risk Management Division

Academic background:

- ▶ Graduate of the Faculty of Theoretical Mathematics at Wrocław University
- ▶ Completed programmes in management and risk management (e.g. INSEAD International Executives Development Programme, BZ WBK Development Programme for Executives, LMC Consulting – Lilley Moncrieff Taylor)
- ▶ Member of Professional Risk Managers' International Association (PRMIA)

Professional background:

- ▶ 1995–2001: Treasury Department of Bank Zachodni S.A. (including the role of the Head of the Department)
- ▶ 2001–2006: Head of the Risk Management Department at Bank Zachodni WBK S.A.
- ▶ 2007–2017: Member of the Management Board of Bank Zachodni WBK S.A.
- ▶ since 2017: Vice President of the Management Board of Santander Bank Polska S.A. in charge of the Risk Management Division



Juan de Porras
Vice President of the Management Board
Corporate and Investment Banking Division

Academic background:

- ▶ Graduate of Universidad de Granada (Law)
- ▶ MBA degree from Escuela Superior de Administración y Dirección de Empresas in Barcelona
- ▶ Completed the Investment Banking Executive Programme at Northwestern University in Chicago

Professional background:

- ▶ 1989–1998: Commerzbank and Lloyds Bank (credit risk)
- ▶ 1997–2004: Société Générale (manager of relationships with telecommunication and energy companies, Deputy Head of the Madrid-based Corporate & Investment Banking)
- ▶ 2004–2005: Rabobank in Madrid (responsible for building the Spanish energy and telecom sector portfolio)
- ▶ 2005–2007: Senior Director at Royal Bank of Scotland in Madrid, responsible for the energy, oil and gas sectors
- ▶ since 2007: Managing Director of Global Banking & Markets at Banco Santander S.A.
- ▶ 2011–2017: Member of the Management Board of Bank Zachodni WBK S.A.
- ▶ since 2017: Vice President of the Management Board of Santander Bank Polska S.A. in charge of the Corporate and Investment Banking Division



Arkadiusz Przybył

**Vice President of the Management Board
Retail Banking Division**

Professional background:

- ▶ 1997–2005: Engagement Manager at McKinsey & Company in Warsaw
- ▶ 2005–2008: Head of Retail Banking at GE Money for Central and Eastern Europe, Zurich/Paris Headquarters
- ▶ 2009–2010: Executive Director at GE Money Bank (Latvia) and GE Money (Latvia)
- ▶ 2011–2012: Business Director in the Headquarters of Santander Consumer Finance in Madrid, responsible for strategy development, market integration and company acquisition projects
- ▶ 2012–2017: President of the Management Board of Santander Consumer Bank S.A. in Wrocław
- ▶ 2017: Member of the Management Board of Santander Bank Polska S.A.
- ▶ since 2018: Vice President of the Management Board of Santander Bank Polska S.A. in charge of the Retail Banking Division

Academic background:

- ▶ Graduate of the University of Łódź (Management, Finance and Banking)
- ▶ MBA degree from INSEAD, France



Lech Gałkowski

**Member of the Management Board
Business and Corporate Banking Division**

Professional background:

- ▶ 1996–1998: Senior Auditor responsible for the banking sector, Coopers & Lybrand sp. z o.o.
- ▶ 1998–2003: Senior Banker responsible for the automotive, consumer and healthcare sectors, ABN AMRO Bank (Polska) S.A.
- ▶ 2003–2007: CFO and commercial representative, Volvo Auto Polska sp. z o.o.
- ▶ 2008–2012: Member of the Management Board in charge of Corporate and Investment Banking, RBS Bank (Polska) S.A. (formerly ABN AMRO Bank (Polska) S.A.)
- ▶ since 2010: Chairman of the Supervisory Board of Telestrada S.A.
- ▶ 2012–2021: Head of the Corporate and Investment Banking Department (until 2018) and – following an organisational change – Head of the Investment Banking Department of Santander Bank Polska S.A. responsible for development and implementation of a customer relationship strategy
- ▶ since 2021: Member of the Management Board of Santander Bank Polska S.A. in charge of the Business and Corporate Banking Division

Academic background:

- ▶ Graduate of the SGH Warsaw School of Economics (Finance and Banking)
- ▶ Holder of scholarship at Staffordshire University Business School



Patryk Nowakowski

**Member of the Management Board
Digital Transformation Division**

Professional background:

- ▶ 2004–2007: gained international experience as Business Intelligence Consultant at Business & Decision AG Zurich, and then as Associate Director in UBS AG and Senior Principal Consultant in Oracle
- ▶ since 2002 (except the period above): employed with Bank Zachodni WBK S.A., initially as IT Systems Development Specialist
 - ▶ 2008–2016: in charge of the Management Information Team, Information Management Competence Centre, Systems Development Area and CRM and Business Development Area
 - ▶ 2016–2019: Chief Information Officer, including from 2017 to 2018 he managed acquisition of the demerged part of Deutsche Bank Polska S.A. and completed the legal and operational merger as well as migration of products held by retail and business customers of the acquired bank to the systems of Santander Bank Polska S.A.
- ▶ since 2019: Member of the Management Board of Santander Bank Polska S.A. in charge of the Digital Transformation Division

Academic background:

- ▶ MSc in Economics from the Poznań University of Economics (IT and Econometrics)



María Elena Lanciego Pérez
Member of the Management Board
Financial Accounting and Control Division

Academic background:

- ▶ Graduate of University of Salamanca, Spain (Economics and Business Administration)
- ▶ Dual MBA (EU&USA) of Deusto University Business School and Adolfo Ibanez School of Economics
- ▶ Completed a number of specialist courses for senior executives at Stanford and IESE (Board members program at IESE Business School)
- ▶ CFA ESG certificate

Professional background:

- ▶ Control and management functions in International Private Banking and Internal Audit (1993–2001)
- ▶ Vice President of Compliance and Risk Management in Banco Santander International Miami (2001–2002)
- ▶ Member of the Board of Integritas Trust S.A. and Banco Santander Suisse S.A. (2002–2008)
- ▶ Financial Control Director in Santander Group Global Banking and Markets Division (2008–2010)
- ▶ Advisor to the CEO of Santander Group (2010–2013)
- ▶ Head of Select and Affluent Business in Banco Santander (2013–2016)
- ▶ Director at Santander Consulting Beijing Co Ltd and Senior Advisor for International Control and Compliance at Banco Santander S.A. Consumer Area (BOBCFC) (2017–2019)
- ▶ Vice President in Banco Santander S.A. responsible for Strategic and Corporate Development (2019–2022)
- ▶ since 2022: Member of the Management Board of Santander Bank Polska S.A. in charge of the Financial Accounting and Control Division



Maciej Reluga
Member of the Management Board
Financial Management Division

Academic background:

- ▶ Graduate of the faculty of Economic Science at Warsaw University; completed the Finance Management Programme at the University of Namur (Belgium)
- ▶ Studied at ICAN Institute's Strategic Leadership Academy and completed Senior Management Programme in Banking at Swiss Finance Institute
- ▶ Attended a number of programmes and training courses (including at the University of Cambridge)

Professional background:

- ▶ 1996–1998: Analyst at NBP
- ▶ 1998–2002: Economist at ING Bank Śląski and ING Barings
- ▶ since 2002: Chief Economist at Bank Zachodni WBK S.A.
- ▶ since 2017: Member of the Management Board of Santander Bank Polska S.A. in charge of the Financial Management Division



Dorota Strojewska
Member of the Management Board
Business Partnership Division

Academic background:

- ▶ Graduate of Polish and Classical Philology at the Adam Mickiewicz University in Poznań
- ▶ Postgraduate of Poznań University of Economics and Business and Kozminski University
- ▶ Completed a number of training courses on HR management, coaching, strategic planning, financial management and business psychology, including Development of Managerial Skills at Nottingham Trent University and Advanced Leadership Programme at ICAN Institute, Harvard Business Review

Professional background:

- ▶ 2005–2012: Team Manager in the CRM and Sales Support Department of Bank Zachodni WBK S.A.
- ▶ 2012–2013: Retail Banking Business Model Coherency Director at Bank Zachodni WBK S.A.
- ▶ 2013–2016: Head of the Organisational Effectiveness Area at Bank Zachodni WBK S.A.
- ▶ from April to December 2016: Head of the HR Division at PKO BP
- ▶ since 2017: Member of the Management Board of Santander Bank Polska S.A. in charge of the Business Partnership Division

5. Remuneration Policy

Remuneration of Management and Supervisory Board members

Remuneration of Supervisory Board members

Internal regulations concerning remuneration for supervisory function holders

As at 31 December 2022, the remuneration for Supervisory Board members was set in accordance with the Remuneration Policy for Members of the Supervisory Board of Santander Bank Polska S.A., which was adopted by virtue of Resolution no. 31 of the Annual General Meeting of 27 April 2022. The foregoing policy complies with EU regulations, Polish laws and corporate governance principles for supervised entities.

Remuneration principles

The remuneration of members of the Supervisory Board of Santander Bank Polska S.A. is set by the Bank's General Meeting, depending on their function performed on the Supervisory Board, membership of the Supervisory Board Committees and the related additional tasks performed. The General Meeting may authorise the Supervisory Board to determine additional remuneration for the Supervisory Board members entrusted with ongoing individual oversight. The remuneration for Supervisory Board members is paid in cash only.

No additional discretionary pension benefits or early retirement programmes are envisaged for Supervisory Board members.

Amount of remuneration

The amount of remuneration of Supervisory Board members is specified in Resolution no. 50 of the Annual General Meeting of 22 July 2020 which was amended with Resolution no. 30 of the Annual General Meeting of 22 March 2021. Members of the Supervisory Board are paid monthly remuneration for performing their role on the Supervisory Board and additional remuneration for participating in each of the meetings of the Supervisory Board Committees on which they sit. Three members of the Supervisory Board related to Santander Group did not receive remuneration: José García Cantera, Isabel Guerreiro and José Luis de Mora.

The table below presents the remuneration paid to members of the Supervisory Board of Santander Bank Polska S.A. in 2021 and 2022.

Name and surname	Position on the Supervisory Board	2022		2021	
		Period	Amount (PLN k)	Period	Amount (PLN k)
Antonio Escámez Torres	Chairman	01.01.2022-31.12.2022	338	22.03.2021-31.12.2021	227
José Luis de Mora ¹⁾	Deputy Chairman	01.01.2022-31.12.2022	-	01.01.2021-31.12.2021	-
Dominika Bettman	Member	01.01.2022-31.12.2022	296	01.01.2021-31.12.2021	303
José García Cantera ¹⁾	Member	01.01.2022-31.12.2022	-	01.01.2021-31.12.2021	-
Danuta Dąbrowska	Member	01.01.2022-31.12.2022	258	01.01.2021-31.12.2021	283
Isabel Guerreiro ¹⁾	Member	01.01.2022-31.12.2022	-	01.01.2021-31.12.2021	-
David Hexter	Member	01.01.2022-31.12.2022	358	01.01.2021-31.12.2021	346
John Power	Member	01.01.2022-31.12.2022	288	01.01.2021-31.12.2021	307
Jerzy Surma	Member	01.01.2022-31.12.2022	298	01.01.2021-31.12.2021	329
Marynika Woroszyńska-Sapieha	Member	01.01.2022-31.12.2022	253	01.01.2021-31.12.2021	282

1) José García Cantera, José Luis de Mora and Isabel Guerreiro did not receive remuneration for their membership of the Supervisory Board.

John Power additionally received PLN 98k in 2022 (PLN 90k in 2021) for his membership of the Supervisory Boards of the Bank's subsidiaries.

Remuneration of Management Board members

Internal regulations concerning remuneration for executives

The rules regarding fixed and variable components of remuneration for Management Board members are set out in the Remuneration Policy for Members of the Management Board of Santander Bank Polska S.A. introduced by virtue of Supervisory Board Resolution no. 31 of 27 April 2022 and in the Remuneration Policy of Santander Bank Polska Group updated on 8 December 2022.

Agreements between Santander Bank Polska S.A. and its executives

The Management Board members signed employment contracts with Santander Bank Polska S.A. for the current term of office. The contractual terms and conditions comply with general laws and internal regulations, in particular with the Remuneration Policy for Members of the Management Board of Santander Bank Polska S.A. The Management Board members also signed agreements prohibiting competitive activity after termination of their employment with Santander Bank Polska S.A.

A Management Board member who is not appointed for a new term of office or is removed from the Board is entitled to one-off severance pay. It does not apply to Management Board members who accept a new role in the Bank, are removed due to gross violation of their obligations or standards of integrity, culture and professional conduct, resign or are not granted discharge.

Santander Bank Polska S.A. does not have an obligation to pay pension or other similar benefits to former members of the Management Board or the Supervisory Board.

Fixed remuneration

Pursuant to the Statutes of Santander Bank Polska S.A. and the aforementioned regulations, the remuneration of the President and members of the Management Board is set by the Supervisory Board, taking into account recommendations of the Remuneration Committee. The Committee defines the remuneration policy for Management Board members and individual terms and conditions as part of remuneration packages for each Management Board member.

Fixed remuneration includes base salary, additional benefits specified in the internal awarding regulations (e.g. health insurance) as well as severance pay and compensation arising from external regulations.

When determining the amount of the base salary of a Management Board member, the following criteria are specifically taken into account: function performed, scope of organisational responsibility at the Bank, qualifications and professional experience and market competitiveness of the remuneration offered. No additional discretionary pension benefits or early retirement programmes are envisaged for Management Board members.

The table below presents the total remuneration and additional benefits received by members of the Management Board of Santander Bank Polska S.A. in 2022 and 2021 for their membership of the Management Board.

Name and surname	Position on the Management Board	2022			2021		
		Period	Remuneration (PLN k)	Additional benefits ²⁾ (PLN k)	Period	Remuneration (PLN k)	Additional benefits ²⁾ (PLN k)
Michał Gajewski	President	01.01.2021-31.12.2022	3,150	214	01.01.2021-31.12.2021	2,817	174
Andrzej Burliga	Vice President	01.01.2021-31.12.2022	1,344	160	01.01.2021-31.12.2021	1,296	131
Juan de Porras Aguirre	Vice President	01.01.2021-31.12.2022	1,582	570	01.01.2021-31.12.2021	1,029	701
Arkadiusz Przybył	Vice President	01.01.2021-31.12.2022	1,536	125	01.01.2021-31.12.2021	1,320	101
Lech Gałkowski	Member	01.01.2021-31.12.2022	1,320	145	26.05.2021-31.12.2021	637	62
Patryk Nowakowski	Member	01.01.2022-31.12.2022	1,392	115	01.01.2021-31.12.2021	1,053	101
Carlos Polaino Izquierdo ¹⁾	Member	01.01.2021-31.12.2022	1,492	802	01.01.2021-31.12.2021	1,300	630
Maciej Reluga	Member	01.01.2021-31.12.2022	1,176	149	01.01.2021-31.12.2021	1,053	127
Dorota Strojowska	Member	01.01.2021-31.12.2022	1,260	125	01.01.2021-31.12.2021	1,076	101

1) Changes to the composition of the Management Board in 2022 are presented above in Section "Management Board".

2) Additional benefits received by Management Board members include, among other things, life insurance cover without pension option and, in the case of Juan de Porras Aguirre and Carlos Polaino Izquierdo, also medical cover, accommodation and travel expenses.

No Management Board member received remuneration for their membership in the governing bodies of the subsidiaries or associates in any of the analysed periods.

Variable remuneration

The general rules for determining variable remuneration for Management Board members of Santander Bank Polska S.A. are laid down in the Remuneration Policy of Santander Bank Polska Group, and defined in more detail in the Remuneration Policy for Members of the Management Board of Santander Bank Polska Group.

The annual bonus of a Management Board member depends on the annual base bonus, the availability of the bonus pool and the overall evaluation of the Management Board member's performance.

Variable remuneration is awarded to Management Board members based on the evaluation of their performance. The selection of metrics (as well as their granularity) for individual Management Board members takes into account their individual duties and responsibilities in the process of managing the Bank.

Based on the metrics and evaluation of performance against the objectives under WHAT, HOW and RISK categories as well as relevant weights assigned to them, the rating is established and adjusted by a multiplier, which arises, among other things, from the assessment of performance against a three-year horizon, as proposed by the Supervisory Board Remuneration Committee and approved by the Supervisory Board.

The base bonus is set on the basis of an individual scope of responsibility, taking into account market conditions and other criteria. Each year, the Remuneration Committee reviews the performance of each Management Board member in line with a separate policy and a detailed procedure for evaluating the performance of Management Board members. The final decision on the amount of the annual bonus for Management Board members is taken by the Supervisory Board based on the Remuneration Committee's recommendation.

The level of the annual bonus is determined on the basis of global quantitative, qualitative and risk indicators as well as potential adjustments in respect of unexpected events. The indicators are set in accordance with the Bank's financial plan and strategic goals and take into account risk management requirements. The Bank's performance used to define variable components of remuneration considers the cost of credit, the cost of capital, and liquidity risk in a long-term perspective.

The total variable remuneration paid to Management Board members and material risk takers for a given calendar year cannot exceed 100% of the total fixed remuneration paid for that year. However, in exceptional cases, this limit may be increased up to 200% of fixed remuneration subject to the approval of the Bank's General Meeting.

Variable remuneration is awarded in accordance with bonus regulations and paid in cash or financial instruments (shares or related instruments such as phantom stock). The remuneration paid in financial instruments may not be lower than 50% of the total amount of variable remuneration. Payment of min. 40% of variable remuneration (min. 60% in the case of variable remuneration exceeding an equivalent of EUR 1m) is conditional and deferred for the period of at least four years (five years in the case of Management Board members and senior executives). It is paid in equal annual instalments in arrears during the deferral period, unless there are reasons for reduction or non-payment.

The Management Board members may also receive variable remuneration provided for in the long-term incentive plans designed to reinforce the connection between the long-term financial effectiveness of the Bank, expectations of shareholders and awards for executives while adhering to market standards. Subject to certain criteria, the plans enable their participants to take up a certain number of the Bank's shares.

The table below presents variable remuneration paid to Management Board members in 2022 and 2021.

Name and surname	Position on the Management Board	2022		2021	
		Period	Variable remuneration paid ²⁾ (PLN k)	Period	Variable remuneration paid ²⁾ (PLN k)
Michał Gajewski	President	01.01.2022-31.12.2022	2,721	01.01.2021-31.12.2021	1,713
Andrzej Burliga	Vice President	01.01.2022-22.12.2022	924	01.01.2021-22.12.2021	617
Juan de Porras Aguirre	Vice President	01.01.2022-31.12.2022	1,745	01.01.2021-31.12.2021	1,008
Arkadiusz Przybył	Vice President	01.01.2022-31.12.2022	1,241	01.01.2021-31.12.2021	744
Lech Gałkowski	Member	01.01.2022-31.12.2022	344	26.05.2021-31.12.2021	nd.
Patryk Nowakowski	Member	01.01.2022-31.12.2022	709	01.01.2021-31.12.2021	294
Carlos Polaino Izquierdo ¹⁾	Member	01.01.2022-31.12.2022	1,138	01.01.2021-31.12.2021	616
Maciej Reluga	Member	01.01.2022-31.12.2022	896	01.01.2021-31.12.2021	558
Dorota Strojowska	Member	01.01.2022-31.12.2022	926	01.01.2021-31.12.2021	533

1) Changes to the composition of the Management Board in 2022 are presented above in Section "Management Board".

2) Variable remuneration paid in 2022 includes deferred part for years 2018-2021 which was conditional and deferred in time, and non-deferred part of the award paid in 2022.

3) Variable remuneration paid in 2021 includes deferred part for years 2020, 2019, 2018 and 2017 which was conditional and deferred in time, and non-deferred part of the award paid in 2021.

Pursuant to the remuneration system applicable at the Bank, Management Board members may be conditionally entitled to a bonus for 2022 which would be paid in part in 2023 and thereafter, if specific criteria are met. As at the date of these financial statements, the Supervisory Board did not take a decision in this respect.

Incentive Plan VII

In 2022, Santander Bank Polska S.A. introduced Incentive Plan VII under Resolution no. 30 of the Annual General Meeting. The plan is addressed to the employees of the Bank and its subsidiaries who significantly contribute to growth in the value of the organisation. Its purpose is to motivate the participants to achieve business and qualitative goals in line with the Group's long-term strategy and to provide an instrument that strengthens the employees' relationship with the organisation and encourages them to act in its long-term interest.

The plan will obligatorily cover all persons with an identified employee status in Santander Bank Polska Group. The list of other key participants will be determined by the Management Board members and approved by the Bank's Supervisory Board. Those employees will participate in the plan on a voluntary basis.

The participants will be entitled to variable remuneration in the form of the Bank's shares provided that they meet the terms and conditions stipulated in the Participation Agreement and the Resolution. To that end, Santander Bank Polska S.A. will buy back up to 2,331,000 shares from 1 January 2023 until 31 December 2023.

The plan covers the period of five years (2022–2026). However, as the payment of variable remuneration is deferred, the share buyback and allocation will be completed by 2033.

Bank's shares held by Supervisory and Management Board members

As at the release dates of the financial reports for the periods ended 31 December 2022, 30 September 2022 and 31 December 2021, no member of the Supervisory Board held any shares of Santander Bank Polska S.A.

The table below shows shares of Santander Bank Polska S.A. held by Management Board members as at the release dates of the above-mentioned reports.

	22.02.2023	26.10.2022	23.02.2022
Management Board members as at the end of the reporting period and the release date of the annual report	Number of shares of Santander Bank Polska S.A.		
Michał Gajewski	4,795	4,795	4,795
Andrzej Burliga	1,884	1,884	1,884
Lech Gałkowski	951	951	951
María Elena Lanciego Pérez ¹⁾ (as of 1 January 2023)			
Patryk Nowakowski ²⁾	-	-	-
Carlos Polaino Izquierdo ^{2) 3)} (till 31 December 2022)	-	-	3,126
Juan de Porras Aguirre	3,379	3,379	3,379
Arkadiusz Przybył	2,999	2,999	2,999
Maciej Reluga	2,301	2,301	2,301
Dorota Strojewska	2,732	2,732	2,732
Total	19,041	19,041	22,167

1) Ms. María Elena Lanciego Pérez took up the position of Member of the Bank's Management Board as of January 1, 2023 and as at the date of publication of the annual report for 2022, she did not hold any shares of Santander Bank Polska S.A.

2) Mr. Patryk Nowakowski and Mr. Carlos Polaino Izquierdo sold all of their shares of Santander Bank Polska S.A. on 24 November 2021 and 10 March 2022 respectively.

3) Mr. Carlos Polaino Izquierdo resigned from the position of Member of the Bank's Management Board as of December 31, 2022 and as at that date he did not hold any shares of Santander Bank Polska S.A.

Relationship between the remuneration paid to Management Board members and key managers and long-term business and financial objectives of the company

The remuneration policy of Santander Bank Polska S.A., which regulates variable components of remuneration paid to material risk takers (identified employees), has an overall objective to incentivise employees to meet short-, medium- and long-term objectives of the Group, exceed plans, and achieve progress in individual performance.

The criteria that affect the type and amount of fixed and variable remuneration paid to Management Board members were defined so as to support the delivery of the Bank's business strategy, long-term interests and stability, in particular by:

- setting annual objectives in accordance with the Bank's financial and strategic plans, and assessing the performance of individual Management Board members;
- applying a flexible remuneration policy by maintaining a proper balance between fixed and variable components;
- awarding part of remuneration in the form of financial instruments and deferring payment of variable remuneration for a minimum of five years ensuring that the Bank's financial performance has influence on remuneration in the long-term perspective;
- applying malus clauses, which ensures proper and effective risk management and discourages excessive taking of risk which might materialise in the deferral period;
- awarding the variable components of remuneration only if it does not represent any threat to the solid capital base of the Bank or the Group in the long-term horizon;
- a possibility to set up incentive plans to support delivery of the Bank's strategy in the long-term perspective.

Variable remuneration of identified persons (including Management Board members) depends on the assessment of their individual performance and on the results of their organisational unit, area under management and the Bank. The individual performance is assessed in accordance with the standard procedure, based on financial and non-financial criteria.

The performance review covers the period of minimum three years and takes into account the Bank's economic cycle and business risk. At least 50% of variable remuneration is paid in the form of phantom stock based on the Bank's shares. In addition, payment of min. 40% of variable remuneration is deferred for the period of at least four years (five years in the case of Management Board members and senior executives). It is paid in equal annual instalments in arrears during the deferral period, unless there are reasons for reduction or non-payment.

Santander Bank Polska Group has a formal process in place for identification, assessment and ex-post review of performance resulting in the adjustment of the variable remuneration for identified employees (material risk takers) and other employees subject to those regulations.

The variable components of remuneration for the identified employees responsible for risk management, compliance with the law, internal regulations, and market and internal audit standards are reviewed and monitored by the Remuneration Committee of the Supervisory Board. Variable remuneration of the heads of the compliance and internal audit areas is approved by the Supervisory Board.

The Management Board members and key employees may receive awards under long-term incentive plans established to retain the above-mentioned staff and improve the efficiency and value of the organisation. The plans set out in detail the criteria that must be met by Management Board members and other participants for an award to be granted, and the right of the Bank's Supervisory Board to change the terms and conditions of the incentive plan, e.g. in the event of any substantial deterioration of the financial standing or risk profile.

6. Other Transactions with the Bank's executives

Loans and advances

Loans and advances granted by Santander Bank Polska S.A. to the Bank's executives and their relatives totalled PLN 4,799k as at 31 December 2022 vs PLN 5,996k as at 31 December 2021. These facilities were sanctioned on regular terms.

Deposits placed with Santander Bank Polska S.A. by the Bank's executives and their relatives totalled PLN 10,197k as at 31 December 2022 (PLN 14,014k as at 31 December 2021).

Accruals for employee benefits

The pension and disability accrual and the accrual for unused holidays of executives totalled PLN 966k in 2022 (PLN 660k in 2021) and were recognised in accruals for retirement benefits and accruals for unused holidays of employees disclosed in Note 55 to the Consolidated Financial Statements of Santander Bank Polska Group for 2022.

7. Diversity Policy

Foundations of the diversity management approach

Santander Bank Polska S.A. complies with the laws on diversity, inclusion and equal opportunities. It is committed to promoting diversity in accordance with best practice and ensuring equal treatment of employees and other stakeholders regardless of their gender, age, education, health conditions, race, religion, national or ethnic origin, political beliefs, trade union membership, family status or sexual orientation.

Aspects such as respect for individuality, promotion of equal treatment and the prevention of discrimination are addressed by a number of policies and procedures applicable at the Bank, including the Sustainability Policy, the Diversity Policy, the Human Rights Policy, the Respect and Dignity Policy and the Corporate Culture Policy of Santander Bank Polska Group. They are presented in the Statement on Non-Financial Information for 2022.

As a signatory to the Diversity Charter (the international initiative supported by the European Commission), Santander Bank Polska S.A. committed itself to respecting and supporting diversity.

The diversity and inclusion culture is supported at the Bank by such initiatives as: Diversity Ambassadors (role performed by senior executives), employee networks (bottom-up initiatives focused on promotion of diversity), educational campaigns, training, webinars (e.g. Diversity Month) and Santander Women podcast hosted by Dorota Strojewska, Management Board member in charge of the Business Partnership Division. The Bank's activities in this respect are supported by strategic partnerships with expert organisations: Share the Care, UN Global Compact, Vital Voices, Responsible Business Forum.

Diversity policy regarding the governing bodies

The Bank pursues its diversity strategy as part of selection, assessment of suitability and succession of members of supervisory and management bodies.

The above processes are delivered in a way that prevents discrimination on any grounds, particularly based on gender, race, colour, ethnic or social origin, genetic features, religion or beliefs, membership of a national minority, property, birth, disability, age or sexual orientation.

The Bank's internal regulations in this respect are based on the Joint ESMA and EBA Guidelines EBA/GL/2021/06 and comply with the applicable laws, including the Banking Law Act and the Commercial Companies Code.

The Bank strives to ensure that members of the Management and Supervisory Boards have a wide range of competencies, professional skills, adequate professional experience, capabilities and impeccable reputation, while ensuring diversity in terms of age, academic and professional background and geographical origin. The Bank's ambition is also to have an adequate representation of women and men on these boards.

The Management Board Diversity Policy of Santander Bank Polska S.A. promotes diversity among Management Board members in terms of their qualities and skills to ensure different perspectives and extensive experience, prevents exclusion (promotes inclusion) and supports independent judgment and informed decision making based on a wide range of criteria.

Pursuant to the above policy, the Supervisory Board strives to achieve minimum 30% representation of women on the Management Board by 2025 and increase diversity in terms of age and geographical provenance.

Furthermore, the Nomination and Succession Policy for Management Board Members and Key Function Holders of Santander Bank Polska S.A. is to ensure the continuity of business processes delivered by senior managers, while maintaining the best possible balance of the management team in terms of gender, knowledge, skills and experience.

The diversity of the Supervisory Board is governed by the Policy on the Suitability Assessment of Supervisory Board Members in Santander Bank Polska S.A. and the Nomination and Succession Planning Policy for Supervisory Board Members in Santander Bank Polska S.A., which require that – apart from having adequate education, professional experience and good repute – the candidates for the Supervisory Board and the Management Board positions should possess a wide spectrum of qualities and skills and independence of mind. Moreover, the former policy sets out an objective of 40%–60% female representation on the Supervisory Board by 2025.

To ensure the above representation of women and men on the Management and Supervisory Boards, the Nominations Committee of the Supervisory Board takes into account all personnel of Santander Group and business objectives related to cross-border activities. Further to this, it takes measures to ensure that the succession plans include an appropriate percentage of women to achieve the set objective and that the women considered in such plans are ready to take up their role within the prescribed time frame.

As at 31 December 2022, there were four women on the Bank's Supervisory Board: Danuta Dąbrowska, Dominika Bettman, Isabel Guerreiro and Marynika Woroszyńska-Sapieha (40% of membership) and one woman on the Management Board: Dorota Strojewska, Head of the Business Partnership Division (11% of membership). Women accounted for 26% of both the supervisory and management bodies and taking into account key managers –29%. They represented 35% of senior management and 56% of middle management.

The current composition of the Supervisory and Management Boards ensures diversity in terms of gender, age, experience and academic background. The tables and graphs below show diversity of the above-mentioned bodies:

Gender	Women ¹⁾	Men
Supervisory Board	4	6
Management Board	1	8

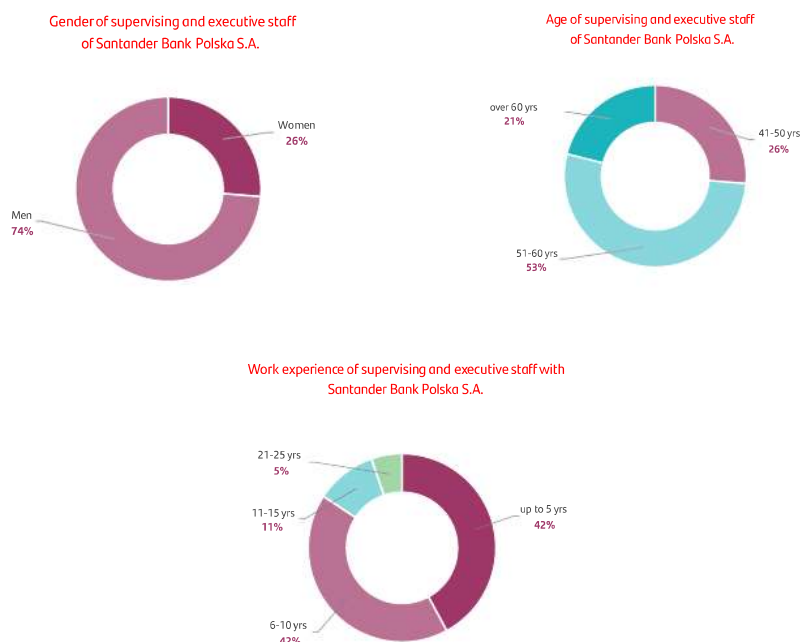
1) As a result of resignation of Mr. Carlos Polaino Izquierdo from the function of Member of the Management Board and the appointment in his place of Ms. Maria Elena Lanciego Pérez as of 1 January 2023, the Management Board consists of 2 women and 7 men.

Age	31–40	41–50	51–60	above 60
Supervisory Board	-	-	6	4
Management Board	-	5	4	-

Years of service with Santander Bank Polska S.A. ¹⁾	up to 5	6–10	11–15	16–20	21–25
Supervisory Board	3	5	1	-	1
Management Board	5	3	1	-	-

1) From the date of the first appointment to perform the function in the Supervisory Board or the Management Board.

International experience	Number of members
Supervisory Board	7
Management Board	4



8. Internal Control and Risk Management Systems

Objective of the internal control system

Santander Bank Polska Group has an internal control system in place, which together with the risk management system (described in Chapter XII "Risk and Capital Management") is a fundamental element of the Group's management system.

The internal control system supports decision-making processes, contributes to an increase in operational efficiency of the organisation, and ensures adherence to risk management principles, laws, internal regulations and standards, regulatory requirements and best market practice. The effective system allows the Bank to ensure the reliability of financial reporting and its compliance with laws, international standards, internal regulations and supervisory recommendations.

Organisation and operation of the internal control system

The Bank's Management Board is responsible for developing and implementing an effective internal control system in all organisational units, and for updating internal regulations and establishing adequacy and effectiveness criteria for evaluating that system. Its role is also to ensure the continuity of the system and to verify control mechanisms and procedures, as well as to define and take relevant measures to remove any deficiencies after they are identified.

The Supervisory Board monitors the effectiveness of the internal control system and performs annual assessment of adequacy and effectiveness of the control function based on the opinion of the Audit and Compliance Committee.

The internal control system of Santander Bank Polska Group is tailored to the organisational structure, risk management system and market environment. It covers the Business Support Centre, branches, partner outlets and subsidiaries. It includes but is not limited to:

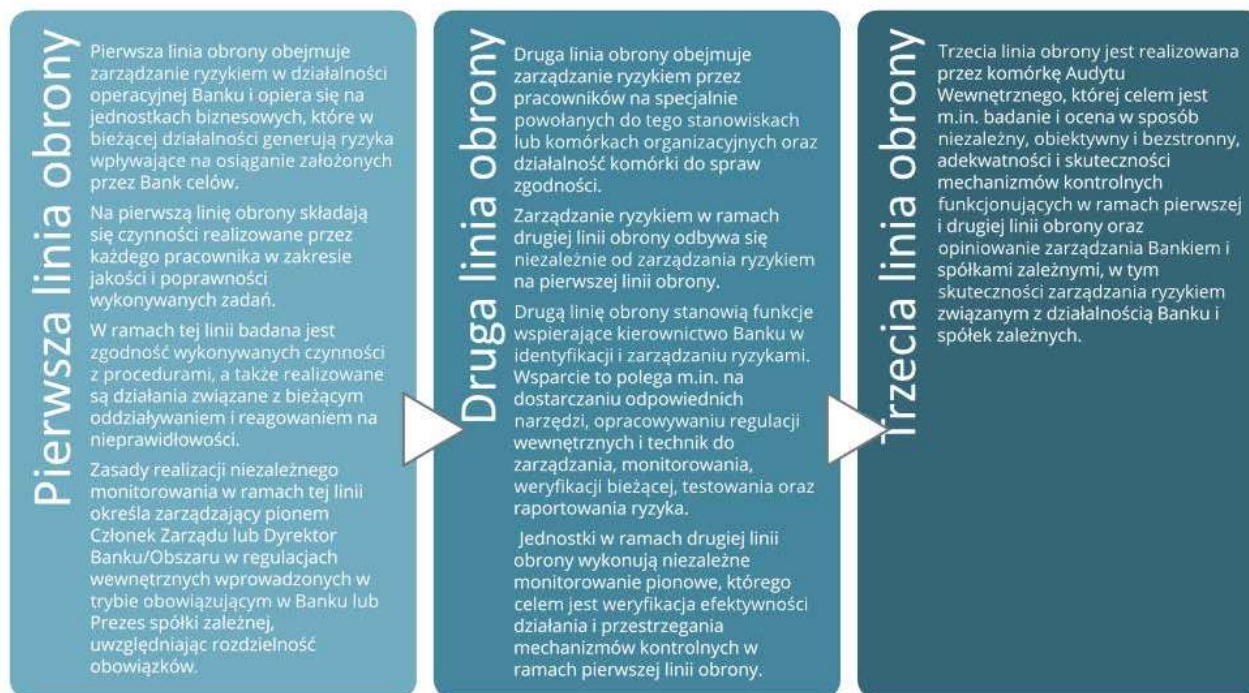
- The Internal Control Model function, which verifies and reports on the adequacy and effectiveness of the internal control system with regard to the achievement of each of its objectives and identifies significant and critical deficiencies, among other things;
- The Risk Management function, whose role is to provide assurance that the key risks are identified and managed by the management, and that the Bank acts in line with internal risk policies;
- The Compliance Function, which is represented by separate organisational units (Compliance Area and Money Laundering and Terrorist Financing Risk Management Department) and whose goal is to support Santander Bank Polska Group's executives in managing compliance risks to ensure that the Group adheres to laws, regulatory requirements and best practice;

The Internal Audit function, i.e. an independent and unbiased organisational unit (Internal Audit Area), which assesses the adequacy and effectiveness of the risk management and internal control systems as part of the first and second line of defence, reports critical deficiencies to the Bank's Management

Board and to the Supervisory Board or its Audit and Compliance Committee, and recommends measures to be taken to improve existing processes in the Group.

The internal control and risk management systems are based on three lines of defence.

Three lines of defence in the internal control and risk management systems



The Internal Control System Policy of Santander Bank Polska S.A. defines, among other things, the objective, structure and scope of the internal control system. Detailed regulations describe responsibilities as part of the internal control system, rules for identifying material processes at the Bank, key control mechanisms and inspections carried out as part of independent monitoring of control mechanisms. The purpose of monitoring, testing and reporting is to ensure that the control environment is effective in terms of design and operation of the controls, and to strengthen the control culture at all levels of the organisation.

The Group's internal control system enables regular verification of control mechanisms in terms of their effectiveness. The results are escalated to and reviewed by the Bank's Management Board and the Audit and Compliance Committee of the Supervisory Board of Santander Bank Polska S.A.

Internal control as per regulatory requirements and best practice

The internal control system of Santander Bank Polska Group was developed on the basis of the requirements defined in the Regulation of the Minister of Finance, Funds and Regional Policy on the risk management system, internal control system and remuneration policy in banks, and KNF's Recommendation H on the internal control system in banks.

Furthermore, the internal control system meets specific requirements arising from such regulations as:

- the Sarbanes-Oxley Act (SOX);
- the Volcker Rule (section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act);
- RDA/RRF (Basel Committee on Banking Supervision 239: Principles for effective risk data aggregation and risk reporting);
- FATCA (Foreign Account Tax Compliance Act);
- GDPR;
- EMIR;
- MiFID 2.

The assessment of the design and effectiveness of the internal control system covers all available information and related audit and regulatory recommendations. Results of assessments and tests form the basis for the Bank's management to make representations on the effectiveness of the control environment.

Control mechanisms related to financial reporting

One of the key objectives of the internal control system is to ensure full accuracy and reliability of financial reporting.

Data inputs in the source systems are subject to formal operational and approval procedures which state the responsibilities of individual staff members. Data processing for the purpose of financial reporting is subject to relevant control mechanisms including specialist internal controls whose objective is to monitor and test the correctness and accuracy of data. All manual adjustments, including management overrides, are under strict control, which covers all IT systems used to prepare financial reports that have a business continuity plan in place updated on an ongoing basis.

To manage risk associated with the preparation of financial statements, the Bank monitors legal and regulatory changes to reporting obligations of banks. It updates its accounting policies and the scope and form of disclosures in financial statements on an ongoing basis. The Bank also controls its consolidated entities through its representatives sitting on the supervisory boards of individual subsidiaries.

Financial reporting is subject to multi-stage verification:

- Financial statements are formally approved by the Disclosure Committee, which is responsible for ensuring that the financial disclosures of Santander Bank Polska Group comply with all legal and regulatory requirements before they are released.
- The Bank's management confirms that the control mechanisms in place effectively mitigate the risk of any failure to identify any material error in the financial statements.
- Annual and interim financial statements are also reviewed by the Audit and Compliance Committee of the Supervisory Board and approved by the Supervisory Board.
- The Audit and Compliance Committee monitors the financial reporting process, taking into account information about changes in the accounting and reporting policies, and analyses all recommendations issued for the Bank's Management Board by an external auditor (along with the Management Board's response) and supervises their implementation.
- The effectiveness of control mechanisms related to financial reporting is additionally assessed by an independent external auditor as part of the annual certification process for compliance with the Sarbanes-Oxley Act.

Internal control under the Sarbanes-Oxley Act and other regulations

In the light of the Sarbanes-Oxley Act, Santander Bank Polska Group operates as a material and independent organisation within the structure of Santander Group and as such is required to implement, maintain and assess the effectiveness of the internal control environment pursuant to the above-mentioned act.

The certification process for compliance with the Sarbanes-Oxley Act in 2022 covered all key business areas of Santander Bank Polska S.A. and was carried out using solutions and methodology based on Santander Group's approach. The scope of testing included risk factors which were particularly significant for the reliability and accuracy of financial statements, taking into account the local control environment.

As part of the SOX certification process for 2022, the Bank's management confirmed that no incidents had been identified in Santander Bank Polska Group which could significantly affect the relevant processes or threaten the effectiveness of the internal control over financial reporting.

9. External Auditor

Entity authorised to audit financial statements

In accordance with the Bank's Statutes and applicable regulations and pursuant to the recommendation of the Audit and Compliance Committee issued in line with the applicable principles, on 23 February 2021 the Bank's Supervisory Board adopted Resolution no. 24/2021 reappointing PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. (PwC) to:

- review the Bank's semi-annual financial statements and the Group's semi-annual consolidated financial statements for H1 2021 and H1 2022;
- audit the Bank's financial statements and the Group's consolidated financial statements for 2021 and 2022.

On 27 June 2022, the Bank signed an agreement with PwC on the audit and review of financial statements for the accounting period from 1 January 2022 to 31 December 2022.

The foregoing audit firm has been providing services to the Bank since 2016. The Bank also uses advice services provided by this firm and other entities from the PwC network. In the Bank's view, the above services do not affect the impartiality or independence of the auditor.

Santander Bank Polska S.A. and Banco Santander S.A. retain auditors from the same network, which ensures a consistent approach to the audit process across Santander Group.

Santander Bank Polska S.A. selects an entity authorised to audit financial statements pursuant to the Auditor Appointment Policy (adopted by the Supervisory Board on 4 October 2017 pursuant to the recommendation of the Audit and Compliance Committee, and amended on 25 April 2019). The Policy complies with Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and the Polish Act of 11 May 2017 on statutory auditors, audit firms and public oversight.

Detailed rules of cooperation with the audit firm and the audit team are specified in the Audit Services Policy of Santander Bank Polska S.A. of 6 May 2021.

Selection of an external auditor

A decision to appoint or reappoint an entity authorised to audit the Bank's and the Group's financial statements is made by the Bank's Supervisory Board based on the recommendation of the Audit and Compliance Committee.

Pursuant to the Auditor Appointment Policy of Santander Bank Polska S.A., the Bank selects an audit firm pursuant to the following rules:

- The Bank and the Committee may invite any audit firm to place bids for carrying out statutory audits on condition of a four-year cooling-off period after the end of the relationship following the expiry of the maximum duration of the engagement.
- An audit firm is selected taking into account findings and conclusions made in the annual report of the Audit Supervision Authority (KNA) published on its website.
- The Audit and Compliance Committee's recommendation regarding the selection of an entity authorised to audit financial statements takes into consideration the following aspects where applicable:

INITIAL ENGAGEMENT OF AN AUDITOR:

- ▶ at least two audit firms to choose from, along with the rationale and the Audit and Compliance Committee's justified preference for one of them;
- ▶ competencies of the audit firms and their ability to perform the required services;
- ▶ independence of the entity authorised to audit financial statements;
- ▶ legal requirements;
- ▶ consistency and effectiveness of the audit from the Group's perspective as well as from the higher-level consolidation perspective;
- ▶ comparison of individual proposals in accordance with the agreed criteria, having regard to the weights allocated on the basis of a relevant questionnaire.

REAPPOINTMENT OF THE AUDITOR:

- ▶ assessment of the quality of services provided to date;
- ▶ independence of the entity authorised to audit financial statements;
- ▶ legal requirements;
- ▶ consistency and efficiency of the audit from local Group perspective as well as from the higher level consolidation perspective.

- The Bank/ the Group complies with the applicable laws with respect to the minimum and maximum duration of an audit engagement and the minimum cooling-off period.

In view of the amendment of the Polish Auditors Act of 31 March 2020 repealing the 5-year rotation period for the audit of public-interest entities, currently, EU Regulation No 537/2014 is directly applicable, stipulating that the maximum engagement of the same audit firm cannot exceed 10 years.

The recommendation issued by the Audit and Compliance Committee before the appointment of PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. (formerly: PricewaterhouseCoopers sp. z o.o.) to review and audit the financial statements of Santander Bank Polska S.A. and Santander Bank Polska Group for 2021 and 2022 met all the required criteria and was presented to the Supervisory Board as part of the selection procedure carried out in accordance with the applicable principles (reappointment of the auditor). The process included, among other things, the assessment of PwC's independence and the quality of services provided to date.

Permitted non-audit services

The rules for provision of permitted non-audit services to Santander Bank Polska S.A. by the audit firm performing the audit, entities connected with the audit firm or by members of the audit firm network are laid down in the Policy for audit-related and non-audit services rendered by the auditor, which was reviewed by the Audit and Compliance Committee and approved by the Supervisory Board on 29 September 2021. The Policy meets the requirements arising from Act of 11 May 2017 on statutory auditors, audit firms and public oversight as well as EU regulations, including Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and Directive 2014/56/EU of the European Parliament and of the Council of 16 April 2014 on statutory audits of annual accounts and consolidated accounts.

Pursuant to the foregoing Policy:

- Appointment of an auditor to render audit-related or permitted non-audit services must be approved by the Audit and Compliance Committee based on the assessment of whether such services will not affect the independence of the auditor.
- Once a year, before the conclusion of the audit of the Group's annual financial statements, summary information on non-audit services is sent to the Committee for assessment of their potential impact on the auditor's independence and objectivity.
- When the statutory auditor or the audit firm provides permitted non-audit services to the audited entity, its parent undertaking or its controlled undertakings, for a period of three or more consecutive years, the total fees for such services must not exceed 70% of the average total fees paid in the last three consecutive years for statutory audits of separate and consolidated financial statements of the above-mentioned entities. The above limit does not apply if the auditor has not rendered non-audit services for at least one year.

The scope of permitted services (i.e. services which, under the existing regulations, the statutory auditor can provide when auditing the financial statements of the Bank/ Group) includes audit-related services (e.g. review of interim financial statements, assurance services) and non-audit services (e.g. tax services and general advisory services).

The Policy also lists prohibited services. Specifically, the auditor must not:

- audit and/or review its own work (self-review);
- perform a management role in the audited company or in relation to the services provided (management functions);
- represent the audited company or Group (advocacy).

In addition, it is not permitted to provide accounting, financial, actuarial, outsourcing (as part of internal audit) and mediation services as well as services related to valuation, design and implementation of financial information systems and specific tax services.

In 2022, PwC, the audit firm appointed to audit the financial statements of Santander Bank Polska S.A. and its Group for 2021 and 2022 (along with other entities from the PwC network) provided the following permitted non-audit services:

- review of interim financial statements of the Bank/ Group;
- verification of consolidation packages;
- verification of capital adequacy disclosures;
- verification of reports on remuneration of the Management and Supervisory Boards;
- services connected with an issue prospectus;
- assurance services related to safekeeping of customers' assets.

The Audit and Compliance Committee approved the appointment of PwC and other entities from its network to provide the foregoing permitted non-audit services. Before the relevant recommendations were presented to the Supervisory Board, the independence of the auditor had been verified with a positive outcome.

Remuneration of external auditor

The table below shows the remuneration paid to PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. (PwC) in 2021 and 2022 for the audit of the financial statements of Santander Bank Polska S.A. and its subsidiaries, and for audit-related services and other permitted services rendered under the agreements in place.

Remuneration of external auditor (PLN k)	Financial year ended 31 December 2022	Financial year ended 31 December 2021
Audit fees in respect of the parent entity ¹⁾	3 092	3 693
Audit fees in respect of the subsidiaries	2 419	2 239
Fees in respect of other assurance services, including the review of the accounts of the parent entity and subsidiaries ²⁾	1 236	1 258
Fees in respect of non-assurance services ³⁾	363	354

1) Fees in respect of audits performed by PricewaterhouseCoopers sp. z o.o. Audyt sp.k. in 2021 and 2022 under the agreements with Santander Bank Polska S.A. on audit and review of financial statements of 9 June 2021 and 27 June 2022, including assurance services with respect to the compliance of annual financial statements with the requirements of the European Single Electronic Format (ESEF). Pursuant to Annex 1 of 3 August 2021 to the Agreement of 9 June 2021, in 2021 PwC also performed the audit of the Interim Condensed Special Purpose Financial Statements of Santander Bank Polska S.A. for the 6-month period ended on 30 June 2021.

2) Fees in respect of the review of financial statements under the agreements referred to in point 1 and for services related to verification of capital adequacy disclosures, verification of the report on remuneration of Management and Supervisory Board members and report on risk management and information prospectus for Santander TFI S.A., as well as for services related to assessment of compliance with requirements regarding the custody of customers' assets.

3) Fees in respect of non-assurance services refer to the issuance of attestation letters made in connection with the EMTN prospectus and additionally to the agreed procedures related to the Jessica project in 2021.

10. Court Proceedings

The table below presents the amounts disputed in pending court proceedings with regard to claims made by or against the Bank or its subsidiaries as at 31 December 2021 and 31 December 2022.

Court proceedings with Santander Bank Polska Group as a party (PLN m)	31.12.2022	31.12.2021
Value of claims in lawsuits filed by the Group	1,384.9	1,133.8
Value of claims in lawsuits filed against the Group	4,175.4	2,533.3
Receivables of the Group in arrangement or bankruptcy cases	74.3	54.8
Value of claims in all pending court proceedings	5,634.6	3,721.9
Value of claims in completed proceedings	254.5	659.3

As at the end of 2022 there were 1,403 cases against Santander Bank Polska Group, where the claim value was high (equal or above PLN 500 k). The total amount of provisions recognized in accordance with IAS 37 and the adjustment to gross carrying amount under IFRS 9 related to such legal claims was PLN 656.6m.

12,225 lawsuits were filed against the Group over loans indexed to or denominated in CHF, with the disputed amount totalling PLN 3.6bn (vs 8 474 with the disputed amount of PLN 2.1bn as at 31 December 2021). This included two class actions filed under the Class Action Act.

For more information on legal claims in respect of foreign currency mortgage loans, see Note 48 "Legal risk connected with foreign currency mortgage loans" and Note 49 "Contingent liabilities" to the Consolidated Financial Statements of Santander Bank Polska Group for 2022.